

Ulster Procession Takes 3 Boys to Their Graves

Sobs Break Silence for Arson Victims As Protestants Stand Fast at Drumcree

By Warren Hoge
New York Times Service

RASHKIN, Northern Ireland — A day after Orangemen in their bowler hats staged their jaunty annual parades throughout Northern Ireland, a procession with an anguished pace followed three small coffins up a hillside road to a country churchyard here.

Inside the white caskets with the brass nameplates on top were the bodies of Richard Quinn, 11, and his brothers Mark, 10, and Jason, 9. They were burned to death in their beds in the early hours of Sunday morning by a firebomb thrown in the ground floor window of their two-story row house in nearby Ballymonee.

Among the few Catholics in a predominantly Protestant housing project, the boys were the latest victims of this conflicted province's sectarian violence, which in years of carnage has claimed the lives of more than 3,200 people. Two men have been arrested in the boys' deaths, and one of them is

suspected of links to a fringe Protestant paramilitary group.

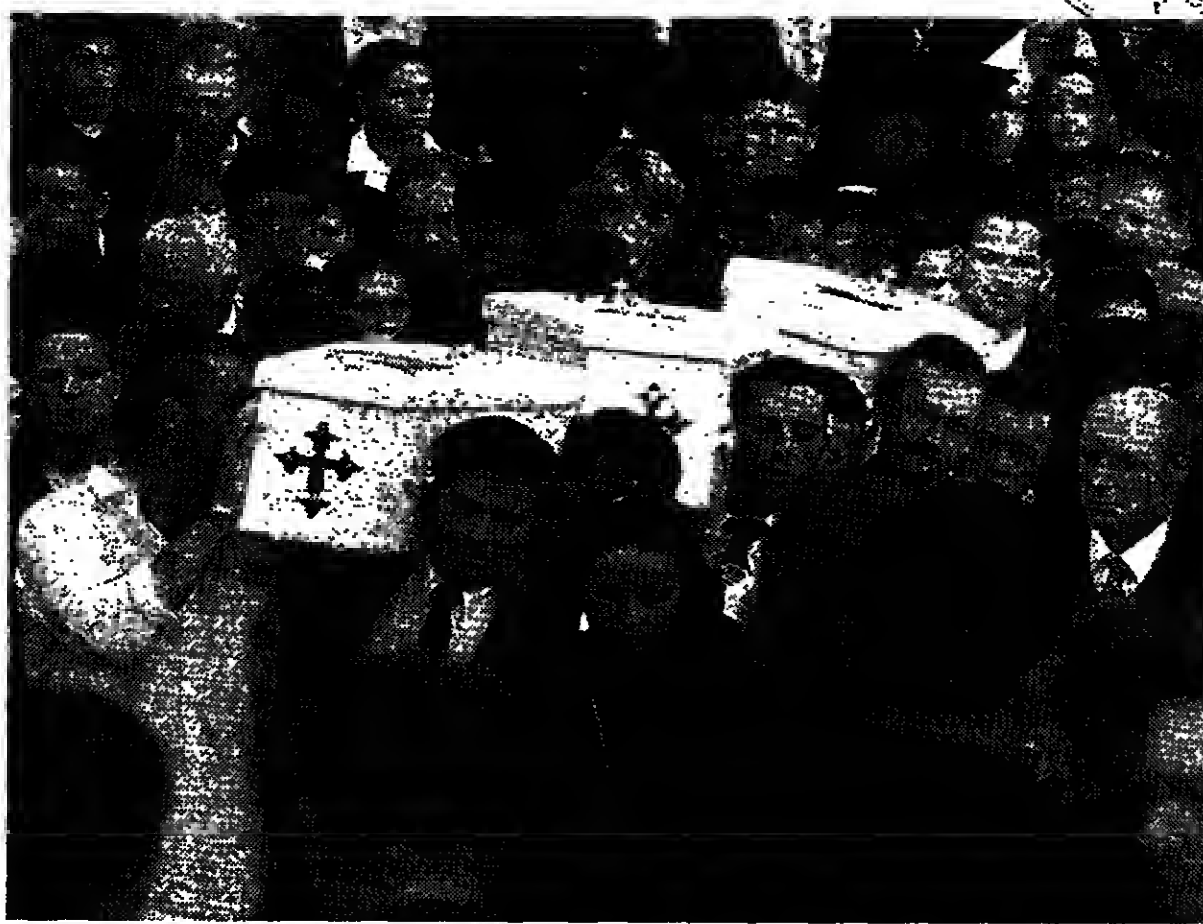
"The news of the deaths of these three boys has touched the hearts of people across the continent," the Reverend Peter Forde told mourners who thronged every aisle and standing area of the Church of Our Lady and St. Patrick. A loudspeaker brought the Requiem Mass to people outside who could not fit in.

The church, a target of arsonists in past years, has stained glass rose windows that are fortified with metal grills.

"Everyone here and thousands elsewhere are sharing this grief," Father Forde said.

The sorrowful silence was broken only by sobs from friends and family members who stared out at the youths' caskets in pain and bewilderment. Chrissie Quinn, 29, the boys' mother, sat expressionless in the first pew, comforted by her remaining son Lee,

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Mourners carrying the coffins Tuesday of three young brothers killed by an arson attack in Northern Ireland.

Coming Poll In Cambodia Is Assailed As 'Flawed'

U.S.-Backed Groups Cite Hun Sen's Control Over Army and Media

Compiled by Our Staff From Dispatches

PHNOM PENH — The groups that will assess the credibility of Cambodia's coming elections for the United States said Tuesday that the process leading up to the polls was "fundamentally flawed."

Prime Minister Hun Sen's Cambodian People's Party enjoys exclusive control over the military, security forces, civil service, electronic media and electoral administration, the groups said.

They also noted political violence and intimidation, especially in the countryside, with no efforts by the authorities to arrest those responsible.

But a delegation for the groups, the National Democratic Institute for International Affairs and the International Republican Institute, said they would send observers to Cambodia to monitor the elections despite their concerns.

The two groups are Washington-based nonprofit organizations that have worked to strengthen democracy in Cambodia since 1992.

"The process leading up to the elections scheduled for July 26 is fundamentally flawed," the groups said in a statement following a fourth assessment of Cambodia's political environment since Hun Sen ousted Prince Norodom Ranariddh as his co-prime minister in a coup last year.

The findings of the two groups are expected to weigh heavily in Washington's analysis of Cambodia's elections. They have been at odds with most members of the UN-coordinated team observing the election. That group represents 34 countries and includes the European Union, which is the largest single foreign donor to the election, which is estimated to cost \$27 million.

The U.S.-backed groups said they took into account not only the campaign period but also the larger political environment in which the elections are taking place and the effects of that environment on the electoral process.

The U.S. delegation warned that "acquiescence to seriously flawed elections will only contribute to a deterioration of the political environment and undermine genuine efforts to advance Cambodia's democracy."

In an effort to win back legitimacy and aid, Mr. Hun Sen is allowing Prince Ranariddh, who was chased into exile for nine months after he was deposed, to take part in the general election.

The U.S.-backed delegation noted that despite the obstacles, political parties and prospective voters were actively participating in the electoral process, and that the "outcome is not a forgone conclusion and it merits international attention."

It recommended that the international community deploy as many election monitors as possible. "The international community, which encouraged the exiled political opposition to return and participate in the campaign, should closely monitor the entire election process," it wrote. "This should include monitoring the postelection period."

The United States has said it would issue an independent judgment of whether Cambodia's elections are free and fair and will not be bound by the assessment of the UN-coordinated observers.

Washington has already taken a harder line than other countries involved, refusing to supply direct election aid to Mr. Hun Sen's government.

Meanwhile, on the campaign trail, Prince Ranariddh denied allegations that he and his royalist FUNCINPEC party were building up an illegal army before the elections. Last week, government officials said they were investigating reports that the prince was trying to mobilize troops, which would be a violation of Cambodia's political party law. (AP, AFP, Reuters)

Japan Leaders' Dilemma: Save Economy, or Save Themselves

Secret Jawboning to Select a New Prime Minister

By Nicholas D. Kristof
New York Times Service

TOKYO — As Japan chooses a new prime minister, the procedure somewhat resembles a traditional village market in which hawkers bargain over their wares, in this case their favorite candidates to run the world's second largest economy.

Then again, a marketplace is open and anyone can see what is going on. The Liberal Democratic Party has announced that on Tuesday it will select its new president — who will then become prime minister — so the party's factions are bargaining about who will win the post. Yet, so far none of the contenders have actually announced their candidacy for the prime minister's job, because it is considered poor manners for a political aspirant to step forward on his own; the better bred pretend to be pushed.

The key figures in choosing the country's next

leader are the elders of the party factions, which, just to make things murkier, officially were abandoned a few years ago and no longer exist. These kingmakers, like former Prime Minister Noboru Takeshita and former Prime Minister Yasuhiro Nakasone, rarely say much in public but command great influence in the negotiations.

"It's an underground process of sounding people out and building a consensus," said Keizo Takemi, a Liberal Democrat member of Parliament. "It's not clear-cut decision-making, but it's very effective for the Japanese people."

Still, the shadowy nature of the selection process creates a problem for the Liberal Democrats. Party officials like Mr. Takemi believe that the behind-the-scenes activity is necessary, but they also worry that it may anger voters — and voter anger is on people's minds these days, since it is the reason why the prime minister's job is available.

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But Angry Voters Are Making Their Message Clear

By Mary Jordan and Kevin Sullivan
Washington Post Service

TOKYO — Angry voters sent the ruling Liberal Democratic Party a blunt command to save the nation's ailing economy, but there is growing concern here that party members seem more concerned with saving their own political skins.

The ruling party members are now in intense back-room discussions about who will replace Prime Minister Ryutaro Hashimoto, who resigned Monday to take responsibility for the party's defeat. But several party members interviewed Tuesday said that many of their colleagues were more concerned about selecting someone who has the best chance of leading the party to victory in the next election than selecting a premier who can lead the nation out of economic disaster.

In addition, there is confusion within the Liberal Democrats about what voters were saying. Some interpreted the defeat as saying that there was too

much painful reform going on. This has made them even more reluctant to agree to painful but necessary economic changes, such as closing down teetering banks that are a drain on the economy. Bank closures add to joblessness, because bank employees wind up on the street, and small businesses that rely on them for cash flow also often go bankrupt.

International investors and world leaders had been hoping that the voters' jolt would force the Japanese leadership to move more swiftly — not more cautiously — to rescue the nation's critically ill economy. Reviving Japan is key to rescuing the ailing Asian region, while any worsening of Japan's financial mess is seen as a threat to Wall Street.

For weeks, Japanese leaders had promised President Bill Clinton that after the election Japan would push through the Parliament the stronger medicine needed for the economy, instead of just

See MESSAGE, Page 6

Loan to Russia Leaves IMF Short of Cash For New Crises

By Richard W. Stevenson
New York Times Service

WASHINGTON — Following the new financial bailout for Russia, the International Monetary Fund and other multilateral lending institutions face a real possibility of being caught short on cash should another major crisis erupt, according to analysts and U.S. officials.

The IMF, its financial strength depleted by the Asian crisis, would have to borrow from its richest members to pay for a new bailout.

The \$11.2 billion in new loans being provided by the Fund to Russia this year, plus the possibility of an additional

Loans lift Russian stocks. Page 15.

\$2.6 billion next year, would just about wipe out the money available from the Fund's main financing pool, IMF officials said.

As a result, Michel Camdessus, managing director of the Fund, said that the loan package to Russia would largely tap a backup credit line from 11 of the largest industrial countries, including the United States. The American share is expected to be \$2.1 billion.

The Fund has not had to use the credit line — described by a senior American official on Monday as a "spare fuel tank" — since 1978.

Tapping the IMF emergency fund to aid Russia requires permission from the United States and 10 other industrial

See IMF, Page 10

Newsstand Prices	
Andorra	10.00 FF Lebanon
Antilles	12.50 FF Morocco
Cambodia	1.500 CFA Cote d'Ivoire
Egypt	12.50 FF Réunion
France	10.00 FF Saudi Arabia
Gabon	1.100 CFA Senegal
Italy	2.800 Lira Spain
Ivory Coast	1.250 CFA Tunisia
Jordan	1.250 JD UAE
Swaziland	700 Fils U.S. Mil. (Eur.)



RONALDO RETURNS — Ronaldo arriving at a reception for the Brazil team at the presidential palace in Brasilia on Tuesday. He was reported to have had a seizure before the World Cup final. Page 20.

AGENDA

Victim of Runaway Car at Cup Party Dies

The Associated Press

PARIS — One of the bystanders hit by a car driven by a panicked driver during celebrations after the French World Cup soccer victory has died, hospital officials said Tuesday.

The patient, who was not identified, died at Beaumont Hospital in Clichy, near Paris, a spokesman for the public hospitals of Paris said.

Thirty-three people are still hospitalized from the incident, which occurred early Monday morning when a woman, apparently panicked by the crowd pounding on her vehicle, plowed into the revelers.

Stocks Set Record

Strong corporate earnings reports, as well as government economic reports, helped stocks rally to a record on Tuesday. The Dow Jones industrial average closed 149.33 points higher at 9,245.54. That was above the record close of 9,211.84, reached May 13. Page 14.

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The IHT on-line www.ihl.com

The Dollar		
New York	Tuesday 6:4 PM	previous close
DM	1.6052	1.6005
Yen	138.98	141.18
FF	6.049	6.0345
Pound	1.6348	1.641
Dollars per pound		
	Tuesday close	percent change
	149.33	9,245.54 +1.64%
	S&P 500	
	12.39	1,177.58 +1.06%
	Nasdaq	
	2.58	1,968.41 +0.15%

Wily Game of Gun Trade Exploits Legal Loopholes

A Complex Web of Buyers, Sellers and Routes

By Raymond Bonner
New York Times Service

An athletic-looking Dane, with blond hair, blue eyes and an earnest manner for an arms dealer, hires a British arms dealer with a colorful résumé.

In Latvia, they buy a Russian cargo plane and have it flown to Bulgaria where it is loaded with 77 cases of weapons, including 300 assault rifles, ammunition, pistols, hand grenades and rocket launchers.

The plane then heads east to India. When it gets over the village of Purulia, near Calcutta, the weapons are shoved out and drift down under parachute rigging bought in South Africa.

The deal is financed out of Hong Kong. The intended recipient is a violent religious sect.

However fictional it might sound, this was a real-life arms shipment, one that reveals the circuitous measures terrorists and rebel groups employ to get weapons, and how relatively easy it is for them to do so. It also illustrates the almost complete lack of international controls on the small-arms trade.

In Oslo on Monday, 21 governments opened a meeting to discuss measures to deal with a spread of assault rifles, pistols, grenades and other so-called small arms.

Generally, it is not a crime for a weapons dealer to get around the arms-control laws of his country by having the weapons shipped from another country.

"It's a huge loophole," said Ger-

In a first step, U.S. joins 20 nations to seek small-arms curbs. Page 10

aldine O'Callaghan, an analyst at the British American Security Information Council, an independent group that lobbies on small-arms issues. "It needs to be addressed urgently."

In the United States, the Clinton administration closed this loophole two years ago by giving the State Department greater authority to monitor and regulate arms brokers.

As a result, American arms dealers are now subject to the same laws when-

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The Sultan's Birthday Party Will Go On

Even Though Brunei Has a Few Embarrassments Amid the Asian Crisis

By Thomas Fuller
International Herald Tribune

BANDAR SERI BEGAWAN, Brunei — Workers in bright orange uniforms scrubbed the streets and sidewalks of this oil-rich town Tuesday, the eve of lavish birthday celebrations for one of the world's richest men.

The Sultan of Brunei turns 52 on Wednesday, and this country of 300,000 plans to celebrate as it always has: with a month of parties and nightly concerts.

All of this might not have raised eyebrows in years past. But this year's festivities take place against a particular backdrop. Reports have surfaced in the past few weeks of billion-dollar losses at one of Brunei's largest companies. The price of oil — the very foundation of the economy — has plummeted by 40

percent in a year. And, not least, Brunei's neighbors are engulfed in the regional economic crisis.

"We are in full recession," said a Western banker in Brunei who did not want to be named. "I'm not sure the priorities are set the way they should be."

During the boom years, this country's flamboyance — the royal family's palaces, parties and private jets — fit with the rising economies of Asia and their unabashed appetite for luxury goods. But the party is over for most of Southeast Asia, and now Brunei appears out of step.

While Indonesian leaders talk of democratic reforms, Brunei remains officially under a state of emergency that was declared in 1962. (The country's brief flirtation with democracy ended with its last elections, held in 1968.) As

Thailand restructures its financial sector, in Brunei it is still a crime publicly to estimate the country's international currency reserves — a crime punishable by three years in prison.

Bankers and diplomats here say Brunei's finances are so opaque that only a handful of top advisers to the Sultan know what belongs to the family and what belongs to the state.

"In terms of constitutional history, Brunei is somewhere in the early Tudor period, between Henry VII and Henry VIII," says Al Troner, managing director of the Asia Pacific Energy, a consulting firm. "There is no clear separation between the privy purse and the national treasury."

The government issues little in the way of economic data, making it dif-

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'Ingenious, Evil Con Artists' / Things, Then People Disappeared

Mother and Son Are Arrested in an Extraordinary Tale

By Robert D. McFadden
and Frank Bruni
New York Times Service

NEW YORK — Wherever she went, flaunting her had wigs and paste diamonds and hostile charm, something seemed to disappear: a neighbor's wristwatch in Las Vegas, a car from a dealer's lot in Honolulu, a mink coat from a piano bar in Washington. Then, it was people who vanished.

There were the Mexican women taken for slaves in her homes in California, Hawaii and Nevada. There was the banker in the Bahamas who met her for dinner and was never seen again. There was the Los Angeles businessman who knew enough to be terrified of her. He was found shot to death.

And last week, after the 63-year-old grifter calling herself Sante Kimes had come to New York with her son, Kenneth Kimes Jr., 23, it was Irene Silverman, an elderly, eccentric millionaire who disappeared in what the authorities call a not-so-mysterious plot to take over her fortune and her Manhattan town house.

Mrs. Silverman, an 82-year-old widow, was probably killed, officials say, and while her body has not been found, the police say they have virtually solved the crime and have had the suspected killers in custody since hours after Mrs. Silverman vanished a week ago. The Kimeses were seized in midtown on an unrelated warrant, along with documents that the authorities say suggested an extensive history of both subtle and violent crime.

"They are the most ingenious, evil con artists we've seen in a long time," a senior law-enforcement official said as a task force of New York and federal investigators sought to piece together what they characterized as a huge mosaic of fraud, theft, arson and murder that reached across the United States and into the past.

But behind the record of crimes and its litany of dates, places and victims, lies another story, a review of court records and more than two dozen interviews with former acquaintances, law-enforcement officials and others show, about a tyrannical mother and a malleable son caught in a love-hate relationship and in a perilous dance of scams, aliases and life on the run.

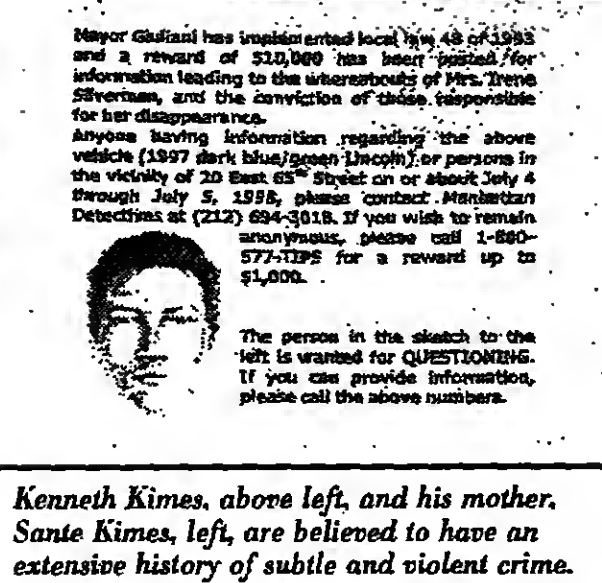
It is a strange story of a family that experienced poverty and riches; that had several luxurious homes but staffed them with indentured servants; that owned motels and a construction company but often acted peevish; that fought endless battles, in court and out, with insurance companies that believed Mrs. Kimes was trying to scam them.

THE CENTRAL characters are an outrageously flamboyant mother with a dark and secretive side, stealing things endlessly, obsessed with manipulating and controlling others; her husband, an older man, sometimes drunk, often remote but seeming to have cared deeply about his son, and the boy who was caught between them.

Sante Kimes had a criminal record dating to 1961 and made no secret of her penchant for theft and scams. Two of her husbands were turned — one of them twice — in what authorities called suspicious fires to collect insurance. She had aliases and phony papers to keep creditors at bay.

No formal charges have yet been filed against Sante Kimes and her son in the disappearance of Mrs. Silverman; in the slaying of David Kadzin, who was found dead in Los Angeles last March; in the 1996 disappearance of Syed Bilal Ahmed in the Bahamas; or in a recent series of arson, theft and fraud cases in which one or both are suspects. For now, they are being held in New York without bail for an Aug. 6 hearing on a charge of defrauding a Utah car dealer. But many people who knew Mrs. Kimes said she simply had a compulsion to steal.

Sherry Meade, a Las Vegas accountant who was the family's bookkeeper in 1993 and '94, said Mrs. Kimes was remarkably up front about that.



Kenneth Kimes, above left, and his mother, Sante Kimes, left, are believed to have an extensive history of subtle and violent crime.

"I'm a crook — don't trust me," she quoted Mrs. Kimes as having said. "She'd tell you that right up front. She thought it was funny. To her it was like a game of Monopoly. She just liked to do it, and when she got away with it, she was as happy and excited as a little kid."

Court records indicate that Sante Kimes was born Sandra Louise Walker in Dust-Bowl Oklahoma in 1935. She grew up in Las Vegas. Her earliest arrest record was for petty theft in Sacramento in 1961, and more followed: larceny, auto theft and other crimes in Los Angeles, Santa Ana, and Palm Springs, California, and elsewhere.

In the 1970s, she married Kenneth Kimes, a businessman 16 years her senior. For 20 years, he had owned a construction company that built motels in California, and he owned at least five himself.

The marriage changed the fortunes of Sante, as she began to call herself. Over time, she and her husband maintained homes in Honolulu, La Jolla and Santa Barbara, California, and Las Vegas. In 1975, when Mr. Kimes was 56 and his wife was 40, she gave birth to their only son, Kenneth Kimes Jr.

The family spent much of its time at a beachfront house in Honolulu. Charles Caterlin, a lawyer who represented Mrs. Kimes in Hawaii, recalled visiting her "spacious and absolutely beautiful" home. He also said he was cheated out of \$12,000 in legal fees and expenses.

Once, he said, she stole a white Cadillac from a dealer in Honolulu, and later tried to bill an insurance company for \$100,000, saying she had lost an antique quilt.

On a visit to Washington, in 1980, Mrs. Kimes was arrested at her hotel with a \$6,300 mink coat she had stolen from a piano bar. Using medical excuses, she succeeded in delaying the trial for five years, but she was eventually convicted in

REWARD

\$11,000



Mayor Giuliani has impounded local law 48 of 1983 and a reward of \$10,000 has been posted for information leading to the whereabouts of Mrs. Irene Silverman, and the conviction of those responsible for her disappearance.

Anyone having information regarding the above vehicle (1997 dark blue/green Lincoln) or persons in the vicinity of 20 East 65th Street on or about July 4 through July 5, 1998, please contact: Manhattan Detectors at (212) 694-3018. If you wish to remain anonymous, please call 1-800-577-1122 for a reward up to \$1,000.

The person in the sketch to the left is wanted for QUESTIONING. If you can provide information, please call the above number.

Kenneth Kimes, above left, and his mother, Sante Kimes, left, are believed to have an extensive history of subtle and violent crime.

absentia. In 1980, the Kimeses moved to Las Vegas and bought a two-story, 4,000-square-foot (370 square meter) house.

From the start, the Kimeses were regarded with suspicion, and 18 years later the animosity flared. A day after moving in, with no phone yet installed, Mrs. Kimes went out door to make a call, said the neighbor, who spoke on condition of anonymity. Right afterward, his Bulova wristwatch was missing, he said.

FOR SEVERAL YEARS in the early '80s, Kenny's mother did not send him to school. Instead, she hired tutors who accompanied the family on their travels. One tutor, Cynthia Mootoon, went with the family from Las Vegas to California and then to Mexico City.

In Mexico City, she said, she was told to roam poor sections and find teenage girls who spoke no English to work for the Kimeses as maids. She was told to assure their families that they would be well paid and cared for, given regular days off and allowed to call home.

At least eight young Mexican women were lured away and smuggled into the United States by the Kimeses, usually one or two at a time, over several years. Mr. and Mrs. Kimes were arrested in August 1985, on federal charges of enslaving the maids. Seven testified in February 1986 that they were never paid, were allowed no days off and were not permitted to leave or contact relatives.

Mr. Kimes pleaded guilty to a reduced charge — that he knew of the offenses and did nothing about them — and was given a three-year suspended sentence and ordered to pay a \$70,000 fine. But his wife was sentenced to prison and was not released until 1989. In the fall of 1993, Kenny enrolled at the University of California at Santa Barbara, and in 1994, his father died, apparently of natural causes, after several years

of failing health. The size of his estate and how it was disposed of is unclear, investigators say.

At college, Kenny Kimes's own violent streak surfaced. In November 1993, a student, Carrie Louise Grammer, filed for a restraining order against him, saying he had become abusive.

She also maintained that Mr. Kimes had "hit his ex-girlfriend" and had beaten another student so badly that he had to be hospitalized. Mr. Kimes denied these charges, and a state judge told him and Ms. Grammer to stay away from each other.

By 1996, Kenny had dropped out of college, and in September 1996, the mother and son were staying in Nassau, the Bahamas, when Syed Bilal Ahmed, 55, a native of Bahrain and an officer of the First Cayman Bank in the Cayman Islands, began investigating irregularities at a First Cayman subsidiary, the Gulf Union Bank in Nassau, investigators say.

Relatives of Mr. Ahmed's said he had been approached by the Kimeses about an on-line business venture. On his last trip to Nassau, his family said, Mr. Ahmed was accompanied by the Kimeses. Dong Hanna, chief of the criminal investigative unit of the Royal Bahamas Police, confirmed that Mrs. Kimes later went to the Gulf Union Bank in Nassau and saw Mr. Ahmed.

Mr. Ahmed's family said he had an appointment to dine that night with Mrs. Kimes. But he disappeared and was never seen again. By the time the police learned that Mr. Ahmed had met with Sante Kimes, the woman and her son were gone.

Then, late last year, investigators say, Sante Kimes, trying to cash in on the unused Las Vegas house, began a series of complex financial transactions. Since 1992, the house had been listed in the name of Mr. Kadzin, the Los Angeles businessman, to keep it out of reach of creditors. Martin Handwerker, a lawyer and longtime friend of Mr. Kadzin, said Mr. Kadzin had signed a deed for the Las Vegas property as a favor for the elder Mr. Kimes.

Mrs. Kimes went to a Florida bank and took out a \$200,000 mortgage on the house. After obtaining the money, she again changed the name on the title. The new owner became Frank McCarren, an indigent man she found in a Las Vegas homeless shelter.

In mid-January, investigators said, Mrs. Kimes took out fire insurance on the home in Mr. McCarren's name. The house was then heavily damaged in a fire on Jan. 31. Arson experts found that fires had been deliberately set.

The insurance scam unraveled when Mr. McCarren told investigators that Mrs. Kimes had held him captive, beat him and forced him to memorize prepared lies for the inevitable questions.

Meantime, the Florida bank that had given a mortgage on the house contacted Mr. Kadzin, who said he had not applied for any mortgage. Mr. Kadzin, 64, who had known Mrs. Kimes for 20 years, was terrified of her, his family said.

And when Mr. Kadzin was found shot to death last March 14, suspicion fell on the Kimeses, whose whereabouts were unknown.

Before leaving the West Coast in April, they bought a green 1997 Lincoln Town Car from a dealer in Cedar City, Utah, who agreed to take the order by phone because the Kimeses had bought other cars from him without problems. It was delivered to Los Angeles, and Sante Kimes paid for it with a check that bounced.

The dealer filed a complaint, but the Kimeses and the car were gone.

By mid-June, mother and son were in New York, where Kenneth, using a phony reference, rented a \$6,000-a-month apartment in the town house of Mrs. Silverman.

By early July, investigators said, the pair had forged the paperwork to take over her money and town house. On July 5, Mrs. Silverman disappeared.

That evening, as Sante and Kenneth Kimes returned to the New York Hilton, they were arrested — not for murder, arson or any of the countless scams of which they are suspected.

They had been tripped up by the Utah car dealer's bad-check complaint.

Israel Scoffs At UN Bid to Halt Greater Jerusalem

JERUSALEM — Israel dismissed on Tuesday a UN Security Council declaration against its plans to create a Greater Jerusalem, while the Palestinians regretted the lack of any concrete action to stop the project.

A government spokesman, Moshe Fogel, said Israel had no intention of changing the widely condemned project since it did not alter the status of the city, despite the UN statement, which was backed by the United States.

"We respect the different points of view but we can't freeze development of the city until all aspects of the peace process are complete," Mr. Fogel said. "We will not allow our sovereignty to be eroded in the city."

Mr. Fogel said the 15-member Security Council's declaration labelling the project "a serious and damaging development" had "limited meaning."

"This should be put into perspective since we're talking about a statement read out, not a resolution," he said.

In its statement on the project, which involves annexing several Jewish townships to the west of the city to boost the city's population by another 50,000 Jews, the council asked Israel "not to take any other steps that would prejudice the outcome of the permanent status negotiations" on the city's fate.

Israel considers Jerusalem its eternal, undivided capital, while Palestinians want to establish the capital of a future independent state in East Jerusalem, which Israel captured and annexed in 1967.

Palestinians hailed the declaration but expressed disappointment at the absence of concrete action to stop the project.

"It is a political and moral condemnation of the Israeli government," said the Palestinian cabinet secretary general, Ahmed Abdel Rahman.

"But it should be a step toward an international decision forcing Israel to cease its policies of expanding settlements, whether inside or outside Jerusalem," Mr. Abdel Rahman said.

He said the declaration "partly responds to Palestinian demands but does not include any mechanism to force Israel not to implement its decision."

An Israeli Foreign Ministry statement said the cabinet decision on the holy city was "municipal in nature and is intended to extend Jerusalem's municipal jurisdiction only to areas to the west."

The statement adopted by the Security Council ignores these facts," it said.

President Hosni Mubarak of Egypt welcomed the UN declaration. "The Security Council, and the U.S. representative there, have for the first time sided with justice and come out with a strongly worded communiqué."

Mr. Mubarak warned that the "only alternative to peace in the Middle East is war" and blamed Israel for the deadlock in the peace process.

The Arab League secretary general, Esmat Abdel Meguid, said the UN statement was "a real reflection of the danger posed by the Israeli government's plan to expand the municipal boundaries of Jerusalem."

The U.S. ambassador to the United Nations, Bill Richardson, said the declaration was "the appropriate response to the present circumstances."

TRAVEL UPDATE

Strike Halts Most Greek Trains

ATHENS (AP) — Strikes halted most train travel in Greece on Tuesday, while a continuing job action by pilots contributed to delays at the Athens airport.

Workers protesting a proposed privatization of the state railroad allowed only one train to leave Athens for each of certain destinations. The strike, part of protests that began in the spring, did not affect northern Greece.

Flight delays attributed to air traffic congestion continued at the Athens airport, but they were aggravated by a pilots' dispute with the government over pay. The Olympic Airways pilots, who are taking part in a work-to-rule action, resumed talks with government officials.

Employees of the state-run tourist organization also went on strike to oppose a planned restructuring.

Wildcat Move Snarls Rome Traffic

ROME (AP) — A wildcat strike by bus and Metro workers Tuesday disrupted Rome's traffic and stranded thousands of tourists and commuters.

The walkout, over new contract terms, was called as a series of transport strikes nationwide threatened to disrupt travel throughout Italy during the week.

Germany Drafts Rail Service Cuts

FRANKFURT (AP) — The German state railroad plans to cut several services late this year, particularly in Bavaria and in the Eastern Germany, the Sueddeutsche Zeitung reported Tuesday, citing a draft of the winter timetable.

Among the services to be cut, the newspaper said, was the only evening train between Constance and Stuttgart, the early morning Munich-Salzburg route and the late evening Salzburg-Munich connection.

British Airways and the Polish state airline LOT will begin offering joint flights Aug. 10. The airlines will offer eight weekly flights between Manchester and Warsaw, with both carriers offering three weekly return services each, as well as on LOT's two return flights per week connecting Gatwick with Gdansk. Poland. The agreement includes a link-up of mileage award programs. (Bloomberg)

European Union nations collected \$155.2 billion in receipts from nonresident tourists last year, up 1.3 percent from \$153.2 billion a year earlier, the EU's statistics office reported Friday. Italy earned more from tourism than any other EU nation, with a yearly total of \$28.5 billion, even though the number of foreign vacationers fell 4.3 percent (AP)

WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.



Hot and dry across north-central U.S. and Canada. Heavy rain and strong winds from the south across the Gulf of Mexico and the Caribbean Sea. Heavy rain and strong winds from the south across the Gulf of Mexico and the Caribbean Sea.

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ASIA/PACIFIC

Senator Concludes U.S. Aided China's Military

Lott Cites New Information in Satellite Probe

WASHINGTON — Senate investigators have determined that China received sensitive technology and military benefits from U.S. satellite exports, the Senate's majority leader, Trent Lott, said Tuesday.

"The Clinton administration's export controls for satellites are wholly inadequate," he said.

In a Senate speech, Senator Lott also called for a special prosecutor to investigate what he called "serious and credible charges of direct Chinese financing" of 1996 Democratic campaigns.

While declining to elaborate on what he called "new information," Senator Lott, Republican of Mississippi, told the Senate that it "should remove all resistance to naming an independent counsel" to determine whether China sought to influence American politics.

Democrats immediately disputed what Senator Lott portrayed as an "interim report" summarizing the Senate investigation into satellite exports to China. They suggested that the report had no input from Democrats.

"The majority leader gave what I would view to be a pretty partisan report," said Tom Daschle, Democrat of South Dakota, the Senate minority leader. He said that many of the announced conclusions were "allegations that have yet to be proven."

Senator Lott said his report was compiled from material gathered at 13 hearings by separate Senate committees.

No Big Cases Reported

Don Van Natta Jr. and David Johnston of the New York Times reported earlier: Twenty-one months after accusations of illegal fund raising arose from President Bill Clinton's re-election campaign, law enforcement officials concede they have no big cases to show for their effort and express doubts that they will obtain evidence to warrant prosecution of senior White House or Democratic Party officials.

Officials say they are increasingly pessimistic that they will ever answer key questions at the heart of the inquiry — whether there was a plot by the Chinese military behind contributions to the Democratic Party that may have been intended to help Beijing gain easier access to U.S. space technology, and whether any Democratic Party or White House officials knew of the Chinese effort.

Thus far, investigators have been stymied in their efforts to obtain the cooperation of witnesses in China.

The cases brought so far by the Justice Department's campaign-finance unit have centered on relatively low-level fund-raisers charged with illegally disguising overseas contributions through straw donors.

The indictment Monday of a Thai businesswoman, Pauline Kanchanalak, and her sister-in-law brings to eight the number of people who have been charged, and officials expect more to be charged.

charged in the coming weeks.

But the officials said that despite hundreds of subpoenas and thousands of hours of grand jury testimony, they have no evidence that White House officials, their aides or Democratic Party leaders broke the law.

Whether such cases will be brought depends on the willingness of the fund-raisers to plead guilty and testify against their superiors, the officials said.

The evidentiary value of that cooperation could prove only marginally useful. So far, only one defendant, the California businessman Johnny Chung, has cooperated. Although he provided what was apparently a link between the Chinese military and the Democratic Party, the officials said, it remained uncertain whether his information would implicate any officials at the Democratic National Committee or in the White House.

Not all Justice Department officials are prepared to concede that their investigative leads are drying up.

"This task force is on a roll with four new charges in the last six days," said Bert Brandenburg, a spokesman for the Justice Department. He cited tax charges last week against a California fundraiser, Maria Hsia, and fund-raising charges against Howard Glickman of Miami, as well as the indictments of Ms. Kanchanalak and her sister-in-law.

"White-collar cases take longer than any other types of cases," he said, adding, "And we are not done yet."



Wearing a kachia and dark glasses for anonymity, an Indonesian displayed the debut issue of DeTAK, a reborn weekly paper that was banned under President Suharto — who is on the cover, in a ninja mask.

Jakarta Soldiers Arrested In Torture Investigation

7 Held in Abductions of Activists Under Suharto

JAKARTA — Seven soldiers in Indonesia's special forces were arrested Tuesday for their alleged involvement in the kidnapping and torture of opposition activists, the state Antara news agency said.

The central military police commander, Major General Syamsu, said the seven soldiers were arrested in an investigation into incidents that allegedly occurred before the fall of President Suharto on May 21, Antara said.

General Syamsu declined to reveal their names, saying that the soldiers must be presumed not guilty until such time as they might be proved guilty, Antara said.

He said 20 military men had been questioned so far about the kidnappings.

On Monday, an armed forces spokesman, Major General Syamsul Ma'arif, said some members of the special forces command, called Kopassus, had been found to be involved in nine cases of kidnapping and torture of political activists.

He said those involved had made "procedural errors" in carrying out the orders of a superior officer in trying to discover the roots of a radical movement.

Several people have said they were abducted at gunpoint and subjected to days of torture, including electric shocks, beatings and having their heads

held under water.

In May, Desmond Mahesa, a lawyer, told a press conference he was held for two months by "an organized group," and that after his release on April 3 he and his family were repeatedly warned to say nothing.

His captors, he said, had threatened him with "elimination" should he speak out.

Mr. Mahesa, 30, who heads the Nusantara private legal aid foundation, said he was abducted by two men shortly after he got off a public minibus in central Jakarta on Feb. 3. He was blindfolded and driven to an unknown place, where he was interrogated and tortured.

"My hands were handcuffed to a chair, and my feet were handcuffed," he said. "I was given electric shocks and beaten."

The nine cases in which the seven soldiers were arrested all involved activists who are known to have returned. Up to 14 persons are still missing and unaccounted for, according to a civilian commission set up for the missing persons.

Accounts of Organized Rape

An Indonesian human rights organization said Tuesday that 20 women died after being raped during riots in May. Reuters reported from Jakarta.

Sandyawan Sumardi, secretary of the Volunteers of Humanity, said he had spoken personally to 12 rape victims and to dozens of witnesses.

"Our organization has received 162 reports of rape," he said.

Seventeen people died after being raped during riots on May 13-14, and three died later, according to a report compiled by the organization and presented to the Indonesian National Commission on Human Rights on Monday.

Nine of the victims were abandoned in burning buildings after being raped, the report said. Two committed suicide. Some died on the spot and others in hospitals, it said.

Accounts compiled for the report indicate that the rapes followed a pattern, suggesting they were organized, Anton Prajasto, a spokesman for Volunteers of Humanity, said.

He said that most of the victims were ethnic Chinese, and that the attackers often arrived in trucks, with a few of the young men apparently taking charge.

Some in the group looted and shopped, while others assaulted women and in some cases girls as young as 9, often forcing relatives to watch.

The defense minister and chief of the armed forces, General Wiranto, has said there was no proof of rapes during the riots but that the military was carrying out an investigation.

Volunteers of Humanity includes prominent people from non-governmental and religious organizations, including Abdurrahman Wahid, leader of Indonesia's largest Muslim group.

Indonesia Inquiry Verifies Mass Rapes in Jakarta

Indonesia's National Commission on Human Rights recently concluded an inquiry into reports of rape and sexual abuse of women from the country's ethnic Chinese minority during the political and social turmoil that led to the resignation of President Suharto in May. In Jakarta, Marzuki Darusman, the commission's vice chairman, discussed the findings with Michael Richardson of the International Herald Tribune.

Q: What are the main conclusions of the inquiry into the rape attacks?

A: There is no doubt that mass rapes happened during the riots in Jakarta from May 12 to 14. We have concluded from the reports we received that there was a pattern of sexual violence against ethnic Chinese.

Q: Is it true that the attacks continued up until about 10 days ago?

A: We have been told of a few such attacks. They seem to be similar in nature to those that occurred in the rioting.

Q: Is the commission aware of reports that survivors, their relatives, witnesses and even doctors, hospitals and volunteers looking after the victims,

Q & A / Marzuki Darusman

have received anonymous threatening letters or phone calls ordering them not to say what happened?

A: In the interests of the well-being of the victims, we do not want to go into the details of each of the attacks. The victims have undergone a very traumatic experience, and they and their families must be protected.

Q: Was this the work of coordinated gangs working on instructions?

A: These were gang rapes. We have not established whether they were organized and operating according to a plan. The reports we have show that they were simultaneous acts committed by groups using similar methods of attack in different parts of Jakarta directed mainly against ethnic Chinese, although some non-Chinese women were also victims.

Q: Was the intent to intimidate the Chinese minority and drive it out of Indonesia?

A: The intensity and scale of the

attacks amounted to terrorism. It was an assault on the dignity, well-being and security of those who were targeted.

Q: The armed forces and police say that they have not been able to find any evidence that rapes occurred, and that not a single victim has come forward to lodge an official complaint. How does that square with the commission's findings?

A: We have not found any real difficulty in accessing witnesses and victims. We have simply noted that the government and security forces seem to be facing some constraints in gathering information on this matter. However, the minister for women's affairs informed us recently that people are now gradually coming forward to inform the government of the rapes during those days.

Q: Why did the military and police not provide security at that time?

A: We understand that there was a severe shortage of manpower because they anticipated that any attacks would

be against shops, malls and offices. There were more than 4,000 buildings burned down. So the police and troops were thinly dispersed throughout the city. That was the main reason the government gave.

Q: What should the government do now?

A: We are calling for the establishment of a national commission of investigation into the riots in a more coordinated and effective manner than can be done by individual inquiries by various government agencies.

It is vital for the government to deal with this matter in a way that reassures ethnic Chinese Indonesians, and persuade those of them who fled abroad after the riots to come back and resume their important role in the economy.

Q: There have been allegations that a faction in the armed forces was behind the gang rapes, and that its aim was to weaken the hold of the Chinese in the Indonesian economy. Do you have any evidence of this?

A: Investigating that should be the task of the national commission we are calling for.

North Korean Raiders Dim the South's 'Sunshine Policy'

By Don Kirk
International Herald Tribune

SEOUL — South Korea's search Tuesday for North Korean commandos it believes came ashore on northeastern beaches exposes the vulnerability not only of that special corner of the country but also of President Kim Dae Jung's "Sunshine Policy" toward the North, in the view of analysts here.

The question now being asked is whether Mr. Kim, who began advocating rapprochement with North Korea long before he was elected president on his fourth try in December, can pursue his policy or will turn into a hard-liner in the mold of every South Korean president since before the Korean War.

"The government is trying to promote eco-

nomic exchange and trying to give the benefit of the doubt in dealing with North Korea," observed Han Sung Joo, a former foreign minister. "These are reasonable and necessary policies, but to put all these things under the umbrella of the Sunshine Policy and advertise it that way was not such a good idea."

The manhunt began after a body in a diving suit was found washed ashore Sunday near a major naval base at Donghae, about 190 kilometers (115 miles) east of Seoul.

A semi-submersible craft plus oxygen tanks and other equipment, along with reports by witnesses of strangers seen on the beach, indicated that three others got ashore, according to South Korean officials.

Pyeongyang denied on Tuesday that the

body found Sunday was that of a North Korean agent. "We have nothing to do with the incident," a North Korean spokesman was quoted as saying by the official Korean Central News Agency in a report monitored in Tokyo.

The belief that commandos had infiltrated the country was fueled by the incident three weeks ago in which a midsize North Korean submarine was caught in a fishing net off the east coast. From the nature of the wounds, the four commandos aboard appeared to have killed the five others aboard before committing suicide.

The northeast is also where a North Korean submarine went aground in September 1996, disgorging 24 commandos and crew members, many of whom shot themselves and their

comrades rather than surrender.

With thousands of South Korean troops combing the mountains along the east coast for signs of infiltrators, analysts believe the most likely scenario is that Mr. Kim will try to maintain an appearance of the policy while urging his generals to get tough and calling for a North Korean "apology."

He needs to do both to satisfy South Korean conservatives, who still form the vast majority of the electorate here, and to guarantee the defense of the northeast, studded with military installations and far removed from the nearest American forces.

In a sign of the alarm over the recent incidents, the National Security Council will convene Wednesday for the first time since Mr. Kim's inauguration.

PROCESS: New Prime Minister Will Be Chosen in a Shadowy Showdown of Secret Jawboning

Continued from Page 1

Prime Minister Ryutaro Hashimoto was forced to resign Monday after voters gave the party a drubbing in parliamentary elections. The main complaints of the voters were economic mismanagement and the kind of old-style politicking that the party now plans to employ to pick Mr. Hashimoto's replacement. But party members worry that the appearance of conflict could lead to more problems than ever.

"If we try to make it more open, that will bring about confusion in the markets," Mr. Takemitsu said. "To avoid bringing about serious confusion in the currency markets,

which could bring about confusion in all the Asian markets, we must be very careful to avoid conflicts."

The new party leader will be chosen by the Liberal Democratic members of both houses of Parliament, but the key maneuverings are not by individuals but by the factions — or the "former factions" as they are sometimes called, since in theory they no longer exist. All but about 26 of the 366 Liberal Democrats in Parliament belong to one of the five factions.

Since the faction members normally vote as a block, that gives enormous power to the faction leaders. Mr. Takeshita is the godfather of the largest faction, with 91 mem-

bers; Mr. Nakasone heads another with 61 members, and former Prime Minister Kiichi Miyazawa reigns over another with 82 members.

These behind-the-scenes leaders are often called Japan's shadow shoguns, and they wield incomparably more power over the country than former presidents do in the United States. But politicians, scholars and political journalists also say that the importance of the factions and faction leaders is waning.

"There's not much to this idea of them as shadow shoguns," said an aide to one of the former prime ministers. "But it is true that they have long experience in Parliament — up to 50 years — and that gives

them considerable influence.

"There's also some effect from Confucianism and its respect for seniority," the aide said. "But it's changing. They have much less authority than they did 10 years ago."

One reason that the faction leaders seem to have lost influence is that public funds are now given to parties as a whole. The result is that the private coffers of each faction are far less important in winning influence.

Mr. Takeshita is perhaps the most influential of the "shadow shoguns," constantly holding meetings in his home to help formulate national policy, but even he is more of

BRIEFLY

Another Blow for New Airport

HONG KONG — In another setback for Hong Kong's costly new airport, 12 people connected with the construction of its transportation network were arrested Tuesday on suspicion of bribery and corruption.

Two shareholders, five engineers and five employees of subcontractors are accused of using substandard materials for the construction of a railroad station to the airport, the Independent Commission Against Corruption said.

The commission did not give details on those arrested in a series of raids or on the problems at the station. "The investigation revealed that they may have accepted bribes," said a commission spokeswoman, Valentina Chan. (AP)

Beijing Minister Visits Taiwan

TAIPEI — The first cabinet minister from China to set foot in Taiwan arrived Tuesday and said the visit would open the door for new cooperation between Taipei and Beijing.

"I am very pleased to visit the motherland's precious island," the science and technology minister, Zhu Lili, said at Taipei airport, choosing language that carefully drove home Beijing's claim to sovereignty over Taiwan.

Mr. Zhu, leading a 14-member delegation to a seminar on cross-strait science and technology exchanges, was the first cabinet minister from Beijing to visit Taiwan since it became estranged from the mainland in 1949 through a civil war. (Reuters)

Guerrillas Kill 8 in India Clash

GUWAHATI, India — Tribal separatist guerrillas killed at least eight paramilitary soldiers on Tuesday in an ambush in India's mountainous northeastern state of Manipur, police said.

The unidentified guerrillas, armed with guns, attacked a paramilitary road patrol party at Kotlang, about 30 kilometers (19 miles) from the state capital, Imphal, on the main highway.

They shot and wounded several other soldiers, stole some weapons and escaped into nearby forests, police said.

Senior security officials rushed to the scene, along with reinforcements to search the area. (Reuters)

Captains Get Jail for Oil Spill

SINGAPORE — The captains of two tankers involved in Singapore's worst oil spill were sentenced to brief jail terms on Tuesday.

Jan Sokolowski, the Polish captain of the Thai supertanker Orapi Global, was sentenced to two months for reckless navigation. Michael Chalkitis, the Greek captain of the Cyprus-registered Evioikos, was sentenced to three months. (Reuters)

EUROPE

Albania Seeks to Disarm Its People

By Barbara Crossette
New York Times Service

UNITED NATIONS — At the request of the Albanian government, the United Nations has agreed for the first time to help disarm a civilian population that has amassed hundreds of thousands of weapons and a vast supply of ammunition, a senior official said Monday.

Albanians, who are among those supplying or selling arms to ethnic Albanian fighters in Kosovo Province in Serbia, raided weapons depots in the spring of 1997, after the collapse of a nationwide pyramid scheme wiped out many people's savings and led to general unrest.

Since then, many more arms from abroad have also been smuggled into the country, to be shipped to Albanians in Kosovo.

"Even before the Kosovo situation erupted, an estimate of 650,000 weapons is what we are talking about that had been taken away from government depots," said Jayantha Dhanapala, undersecretary-general for

disarmament affairs, who went to Albania last month to evaluate the situation.

"An estimate of about 30 percent was given in us of weapons that have leaked to other parts, not merely to Kosovo but to Macedonia and elsewhere," he added.

In a report to the secretary-general issued Monday, Mr. Dhanapala, a Sri Lankan, listed pistols, automatic rifles, machine guns and grenade launchers as among the weapons in local caches. He said that civilians also held 20,000 tons of explosives and more than 1.5 billion rounds of ammunition, including artillery shells.

Mr. Dhanapala and his team met with government and opposition leaders, including the former president, Sali Berisha, and discussed how to persuade people to relinquish the weapons, which would then be destroyed.

The UN officials rejected buyback plans, which Mr. Dhanapala said would be highly inflationary and would in effect reward people who had unauthorized weapons in their possession. Instead, UN officials are proposing a development-for-guns project, in which

communities that turned in weapons would get public works projects, providing needed jobs.

"Many of the people are unemployed and sought the weapons as a means of some kind of wealth, which they could trade for money or goods at some later stage," Mr. Dhanapala said. "In the rural areas you had some of them burying them underground or keeping them in trees."

The United Nations, he said, hopes to start a pilot project in Gramshi, a district with a population of about 50,000, which is thought to have 8 percent to 10 percent of all the weapons commandeered in 1997. Gramshi also has a 30 percent unemployment rate.

In return for turning in weapons, the district has asked for about 120 miles of rural roads, a small processing plant for agricultural products and a training center to teach furniture-making. The area is heavily forested.

Mr. Dhanapala now has to find money to pay for his project. He said that he hoped for help from the UN Development Program, from the World Bank and from country donations.

BRIEFLY

Romania President Seeks U.S. Support

BUCHAREST — President Emil Constantinescu left Tuesday for a nine-day visit to the United States in hopes of winning greater U.S. support for Romania's bid for membership to NATO and for more American investments at home.

Foreign investors complain that Romanian bureaucracy and rigid laws keep them from developing business in Romania.

When Mr. Constantinescu came to power in November 1996, he promised Romanians that foreign investors would come in large numbers.

That optimism turned out to be unfounded.

Zoe Petre, a presidential adviser, said, "The declared mission of this visit is changing the image of Romania among all U.S. officials." (AP)

'Dirty War' Trial Concludes in Spain

MADRID — The trial of two former top Spanish government officials accused of being involved in a kidnapping linked to an alleged government "dirty war" against Basque separatists ended Tuesday.

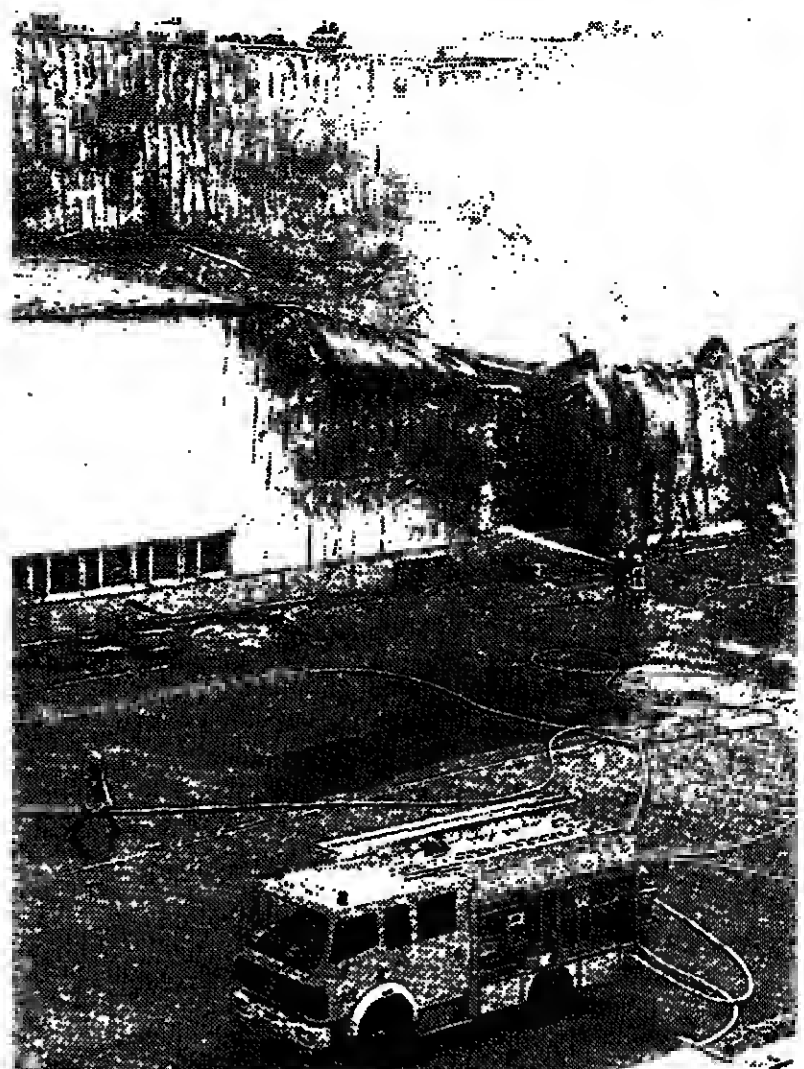
A former interior minister, Jose Barionuevo, and his former deputy, Rafael Vera, are accused with 10 others of involvement in 28 murders of people linked to the Basque separatist group ETA in 1983-1988. The announcement of the verdict is not expected before August, court officials said.

Mr. Barionuevo and Mr. Vera have denied involvement in the kidnapping in December 1983 of a Spanish-born French businessman who was mistaken for an ETA official, the main offense for which they are being tried.

The other defendants have admitted the 10-day hostage-taking, which was the first action claimed by the shadowy Anti-Terrorist Liberation Group and marked the beginning of the "dirty war" against Basque separatists. (AFP)

Lukashenko Assails EU Over Visa Ban

KHOMINKI, Belarus — Alexander Lukashenko, president of Belarus, the former Soviet republic, described Tuesday as "blackmail" the European Union's decision to stop issuing visas to him and other senior officials



GERMAN PRINTING PLANT FIRE — A main production center of Bild Zeitung, Germany's largest newspaper, smoldering Tuesday in Essen. The tabloid said it would publish Wednesday at other sites.

Turkish Squabbling Over Pay Increases

ANKARA — Prime Minister Mesut Yilmaz of Turkey warned Tuesday that a dispute with his coalition partners over public workers' pay could spell the end of the government, aides said.

Mr. Yilmaz is insisting on a half-yearly wage rise of 20 percent for millions of blue-collar state employees, keeping increases within IMF guidelines.

A junior coalition ally is pushing for 40 percent to offset annual inflation of more than 90 percent. (Reuters)

New Spellings Get Go-Ahead In Germany

KARLSRUHE, Germany — Germany's constitutional court gave the green light Tuesday to a government law to modernize the written German language.

The reform, to simplify some traditional spellings, is scheduled to come into effect gradually between Aug. 1 and mid-2005.

Germany's highest judicial body, the Federal Constitutional Court, rejected an appeal against the law, which was decreed by state culture ministers.

Critics say the move is an unnecessary "dumbing down" of the language.

Examples include changing the word for someone preparing a bibliography from "bibliograph" to "bibliograf." Use of the old German letter for a double "s" will be limited, so that the German conjunction meaning "that" will now be written "dass." Some lengthy compound nouns will be shortened, spellings will be made more consistent and comma rules will be cut from 52 to nine.

Blair Lets Out the Reins

Labour Plans 5% Funds Rise for Public Services

By Tom Buerkle
International Herald Tribune

LONDON — After a year in which it maintained the tight budget policies of its Conservative predecessor, Britain's Labour government announced substantial increases Tuesday in public spending on education, health and other social services over the next three years.

The spending plans, presented in the House of Commons by the chancellor of the Exchequer, Gordon Brown, were billed as the defining moment of Prime Minister Tony Blair's government.

They represent a payback for Labour supporters who expected the change in government to produce a change in spending priorities, and should enable Labour to meet its campaign promises of reducing waiting lists for hospital treatment and cutting school class sizes.

The government will bolster spending on education by £19 billion (\$31 billion) over the next three years and on health by £21 billion, and will demand that schools and hospitals deliver improved services in return, Mr. Brown said. Those amounts to average annual increases of about 5 percent after taking account of inflation, the biggest rises in a generation.

"There will be additional re-

sources," Mr. Brown said, "but it is money in return for modernization."

The opposition Conservative Party said the plans showed that Mr. Blair's much-vaunted new Labour government was acting like its old Labour predecessors and letting spending rise out of control.

Francis Maude, the party's treasury spokesman, also said the government had failed to achieve promised savings on welfare spending to finance its education and health investments, making the entire budget "dangerously vulnerable in an economic downturn" that would swell unemployment and other welfare benefits.

Nevertheless, it was a sign of the likely popularity of the spending decisions that Mr. Maude began his attack by criticizing the publication of much of the spending details in Tuesday's morning newspapers, suggesting it was another case of government leaking. "Once again this government has shown its brazen contempt for Parliament," he said.

There was little reaction in financial markets, largely because Mr. Brown had announced the government's overall spending targets last month. Still, analysts said the plans represented a fundamental shift to a looser spending stance after years of restraint.

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Voters Revolt in Japan

Japanese governments do not normally resign after election losses for Parliament's less important upper house. But so emphatic was the defeat that voters inflicted on the ruling Liberal Democratic Party on Sunday that Prime Minister Ryutaro Hashimoto decided to quit. The LDP had expected to take about 60 of the 126 seats being contested. It won only 44.

The rebuke was richly deserved, and Mr. Hashimoto was right to resign. For most of its two and a half years in power, his government made no serious effort to revive the world's second-largest economy, and indeed made matters worse by introducing a national sales tax. When the prime minister finally did cut taxes this year, it was too little and too late. Japan, once the main engine of Asian prosperity, now threatens to drag its neighbors and itself into prolonged recession.

Despite Washington's repeated urgings to reform, reflate and clean up billions in bad bank debt, Mr. Hashimoto spent most of his term dithering instead of leading. Like most of his predecessors, he deferred to powerful Finance Ministry officials, who preferred inaction to reforms that might erode their bureaucratic grip.

Only this month, eight years after Japan's banks began weakening, did Mr. Hashimoto announce a credible plan for weeding out failing institutions and reinforcing the rest. Now that belated but important initiative could

be lost in the extended transition rituals of Japanese politics.

The LDP, still the majority party in the lower house, will pick the next prime minister, spending the next week choosing among four uninspiring candidates. The front-runner, Keizo Obuchi, is even more colorless than Mr. Hashimoto. Kiichi Miyazawa and Yoshi Kono have already failed in leadership roles. Seiroku Kajiyama, a veteran insider who at least has called for more vigorous economic action. But there is little realistic hope of reform policies emerging from an LDP system designed to keep things as they are.

The brightest aspect of this election may be the emergence of the Democratic Party, led by Naoto Kan, Japan's most popular politician, as a potential competitor to the LDP. Mr. Kan earned his popularity two years ago when, as health minister, he stood up to bureaucratic resistance to resolve a scandal over HIV contamination of the blood supply.

The LDP has recovered from past election setbacks and has always come back. But with Japan now facing its worst economic crisis of the postwar era, muddling through an additional two years to the next election is no longer an acceptable option. World financial markets will not accept it, and Asia's other economies cannot afford it. Now, it appears, Japan's voters have lost patience with it as well.

—THE NEW YORK TIMES

Ulster Nightmare

Richard, Mark and Jason Quinn, 11, 10 and 9, were the boys who, sleeping and then screaming, died in their beds from a firebomb attack in a mainly Protestant community not far from Belfast in Northern Ireland early Sunday morning. Their mother was Catholic and their father Protestant, but an uncle described them as "just kids."

Suspicion for these horrendous killings quickly fell on a Protestant group defiant of the communal accord that good people of different faiths have been trying to build in Northern Ireland, and two men were arrested on Monday.

There should be a rule of automatic and total disqualification for any ethnic or political cause whose upholders believe that they can advance it by the murder of children. Yet many innocents have died in the 30-year Irish-British conflict, victims of Catholic as well as Protestant rage. The killing of Robert, Mark and Jason added to the pressure on the Protestant Orange fraternal order to call off or scale back its traditional grand holiday march of

July 12 celebrating a Protestant triumph over Irish Catholics 300 years ago. Regrettably, the marching continued, although in a subdued and stunned way.

Not that there were no heroes in this grisly affair. William Bingham, a Presbyterian minister and chaplain to the Orangemen, deplored any further marching "in the shadow of the coffins of three little boys who wouldn't even know what the Orange Order is about." The leading Protestant politician, David Trimble, who built his career as an Orangeman, at first vaguely called for "all elements of this community" to reflect, then declared that "the only way [the Protestant marchers] can repudiate" the murders was to abandon the marching and go home. This was some part of what induced British Prime Minister Tony Blair to note that "real leadership" had been shown. Mr. Bingham and Mr. Trimble set a standard that the leaders on both sides must meet to move beyond the killing of children toward communal peace.

—THE WASHINGTON POST

Courage in Burma

Certain figures in history demonstrate such courage and honor in the struggle for freedom that the rest of us can only gaze in wonder. Some of these leaders, like South Africa's Nelson Mandela, have lived long enough to see their jailers brought low. Others, like Nigeria's Moshood Abiola, have not been so fortunate. One such figure, Burma's Daw Aung San Suu Kyi, remains today a captive. Like Mr. Mandela, she has the inner strength to inspire a movement and shame a dictatorship. But the odious generals who misrule her Asian land are not ready to acknowledge her rightful claim to leadership. The United States and its allies should champion her cause more actively.

Last week, Daw Aung San Suu Kyi, 52, showed again her fearlessness in the face of thuggery. Her National League for Democracy had won a landslide victory in 1990 elections, but Burma's military regime ignored the results and has jailed or confined her ever since. Now she defied her de facto house arrest and drove north from the capital to meet a fellow party member. The regime's thugs blocked her way and sent soldiers to lift her car and turn it to point south again, with Daw Aung San Suu Kyi inside. Even then she did not budge. After a standoff of nearly 24 hours, the meeting she had sought took place.

It was, however, a small victory. Daw Aung San Suu Kyi remains isolated from supporters and family. Her supporters increasingly are being thrown into jail. Children of minority ethnic groups are press-ganged into slavery by Burma's military. The average annual income for Burma's 47 million people has fallen to \$107.

Increasingly, Burma finds itself iso-

lated in the world. Only China maintains warm relations; Beijing just sold the Burmese regime 20 new warplanes. Even Burma's neighbors, such as Thailand and the Philippines, which traditionally avoid interference in one another's affairs, have expressed alarm at the regime's behavior. They, like the United States, could do more. Later this month Secretary of State Madeleine Albright will travel to Manila to take part in a meeting of the Association of Southeast Asian Nations. She and her colleagues should turn up the pressure on Burma's thugs.

—THE WASHINGTON POST

Other Comment

Ignorant Congress

It has been decades since any Congress has been so apparently uninformed about the complex nature of global challenges or so indifferent to the constant need to cultivate international political understanding and support for U.S. policies and objectives.

The world's richest nation cannot seriously expect to command the respect of others when its legislators stubbornly refuse to pay the arrears owed the United Nations.

The United States has an enormous stake in the global economy. A Congress blind to these economic realities has no problem finding reasons to refuse to raise the lending capacity of the IMF in a time of economic crisis in Asia.

What is happening in Congress is not neo-isolationism. What we are seeing instead is a provincialism that is more the product of ignorance and indifference than of design.

—Los Angeles Times

Who Wants China to Turn Into a Giant Albania?

By Thomas L. Friedman

WASHINGTON — Three weeks ago I visited Tirana, and on my way out of the airport to board my plane I was stopped by an Albanian customs "official." She looked me up and down and asked, "How much money are you carrying?" There was a certain Jesse James tone in her voice.

I told her I had \$3,500.

"\$3,500," she repeated, her eyes lighting up. "He has \$3,500," she said to her fellow customs agent.

"Where are you from?" she asked, apparently trying to determine if I was a diplomat and therefore immune from this bureaucratic stickup. "I'm from The New York Times," I answered.

"Let him go," he said, apparently concluding that it would not be good publicity to separate me from my money.

Those two Albanian customs agents were a reminder of a basic truth: that in many formerly Communist countries, the successor to communism is more often kleptocracy than democracy.

That fact is too often forgotten in today's debates about China, Russia and other once-Communist states.

For instance, the Kosovo Liberation Army is now talking about uniting all the Albanian communities in the Bal-

kans into a "Greater Albania." That is a frightening thought — not because Albanians are not entitled to self-determination, but because they have not proved that they can properly run one Albania, let alone five put together.

The whole debate in Washington about China is about when it will become a democracy. The much more important question is how it will become a democracy. How will it make the leap from where it is now, with antiquated institutions and a police-state apparatus increasingly unsuited to its rapidly modernizing economy, to a more open, rule-based system, without chaos in the transition?

It is one thing for Albania to collapse; it would be quite another for China to start spewing refugees, weapons and financial scams.

"China had 70,000 traffic deaths last year — roughly 630 deaths per 100,000 cars. America had 21 deaths per 100,000 cars," notes the Stanford University China scholar Mike Oksenberg. "It's because China has all these new highways with inadequate passing

signs, or warnings about oncoming hills, or even traffic lights in some places, and no free press to report on it all. Their growth is simply outrunning their existing systems of governance and education."

That is why the ultimate test of U.S. China policy is not whether President Bill Clinton shook his fist hard enough at President Jiang Zemin.

The ultimate test is how well the United States uses its influence to promote more of a rule-of-law system in China — one that constrains the state, and then gradually lays an institutional foundation that can carry Chinese society forward after the inevitable collapse of the Communist Party or its evolution into an electoral body.

If the U.S. Congress wants to do something useful on China, it should spare us the chest-thumping and instead appropriate the funds sought by Mr. Clinton to train Chinese lawyers, judges and law professors.

When Communist states collapse, before the new institutions have evolved you are much more likely to get Russia, where they have a free press and gangsters gun down inquisitive journalists, then you are the best case,

Poland, which had a Catholic Church and trade unions to fall back on.

But preventing Albania in China takes a lot of engagement, on a lot of levels. Those who argue that America should simply isolate China and hasten the collapse of its system now are just begging for a big Albania.

Fatos Lubonja, editor of the Albanian literary journal *Endeavor*, talked to me in Tirana about post-Communist Albania:

"After communism we had total equality in Albania. We were all at zero. There was no real infrastructure, no one really had property or contacts. Politics became just another business, because being a politician meant you could or could not give stamps of approval."

"The free market here was considered freedom to do anything. One of the West's great errors was that during the collapse of communism, sometimes we changed the people [in charge], but we did not really change the system. Instead of building a free economy, based on initiative and risk, we created a criminal economy."

"No one understood that without the software, Albania is just a jungle."

The New York Times

Cyprus: The Case for a Greek-Turkish Condominium

By Michael Elizer

JERUSALEM — The demonstrative visits of Greek and Turkish warplanes in Cyprus attracted headlines. Mercifully, the planes were at different ends of the island. It is to be hoped that diplomats and world public opinion awaken to the lurking dangers before they reach Bosnia or Kosovo proportions.

An entirely new and future-oriented approach is needed. A bold revision to the basic issues might produce results — a crisis coupled with a Turkish-Greek condominium over Cyprus, and Turkish accession to the European Union.

British withdrawal from Cyprus was preceded by years of local (and Greek) agitation for enosis. To join Greece, their natural and historical motherland, was the deeply held aspiration of the Greeks on Cyprus.

The main reason this movement was compelled in 1960 to metamorphose into acquiescence in separate independence was Soviet objection to an extension of NATO to Cyprus.

The apprehensions of the Turkish Cypriots, strongly supported by Turkey, also played a role. They were exacerbated after Archbishop Makarios's plan in 1963 to alter the constitution, finally leading Turkey to interfere militarily in 1974.

Relations between Turkey and Greece continue to be tense. Turkey's relations with Europe are strained, and here, too, Cyprus is a crucial issue.

The longtime United Nations presence on the island has not brought the parties nearer a resolution of their differences.

In view of all these interrelated problems, a return to the original points of departure holds out better promise than continued grappling with the impasses accumulated in so many years of friction and conflict.

The Soviet Union is no more. Greece is a member of the European Union. Turkey seeks membership in the Union, and

deserves to be supported in this quest so as to encourage the growth of democratic, secular, moderate and modern forces in this important country.

Without a dramatic change of context, Turkish Cypriots are unlikely to cease distrusting their Greek neighbors. Turkey will consider itself compelled to maintain its troops in the northern part of Cyprus, even though this action, considered by many a violation of international law, is held against Turkey in the context of its desire to join the European Union.

Greek Cypriot accession to the European Union in disregard of other components is counterproductive and provocative.

Given all the incompatibilities, why not revive, mutatis mutandis, the original dream of enosis, and make it the pivot of a future-oriented effort?

With the active support of the international community, the basic vital aspirations of all parties can be satisfied: a reunion with Greece for the Greeks of Cyprus, and a similar association of the Turkish Cypriots with Turkey.

The island of Cyprus would be under the joint sovereignty of Greece and Turkey. A unitary state proved impossible; a federation could not be attained within the confines of the island. The broader context might be recognized by all as preferable to the separate, unwanted and embattled independence of a Cypriot Republic incapable of attaining peaceful relations with its Turkish compatriots and with Turkey.

When both Greece and Turkey are EU members, they will in any case share a growing measure of political and eco-

nom features, rights, duties and responsibilities.

Within this common framework of a shared future, the deeply felt antagonisms and very real distinctions between the two communities on Cyprus are fully taken into account and assuaged. For example, schools and other institutions with a bearing on the national and cultural character of the Greeks on Cyprus would come under the jurisdiction of the Athens authorities, even as the local Turks would feel secure under the Turkish umbrella.

Both communities would be better able to cooperate on the numerous common matters that do not impinge on their communal identities, such as roads, telecommunications, tourism and much else.

In time, Cyprus could become a model for the amelioration of ethnic and international conflicts.

NATO would be able to use the British bases, when they come under the joint jurisdiction of two NATO member states. Britain surely would welcome a diminution of its responsibilities in this corner of the world. The United Nations, too, would be pleased to relinquish its thankless duties.

Other neighbors of Cyprus, such as Syria and Israel, would benefit from the elimination of a source of friction in their region. Progress in resolution of the Arab-Israeli conflict needs much more than peace on Cyprus, but the less than conflict resolution is not a zero-sum game might find listeners in Damascus and Jerusalem.

The writer is a retired Israeli ambassador and former deputy director-general of the Foreign Ministry. He contributed this comment to the *International Herald Tribune*.

Moscow Should Cancel Its Missile Deal With Nicosia

By William Safire

WASHINGTON — Foreign Minister Yevgeni Primakov has the latest Russian missiles to sell. He has found a way to split the NATO alliance by inflaming Greeks and Turks over Cyprus.

To assert nationhood, Greek Cypriots went shopping for surface-to-air missiles that could knock down Turkey's planes if war came. First stop was the United States. Then Europe, but none of its nations would join in an obvious military provocation of Turkey, a NATO member.

Along comes Mr. Primakov, lighting a match in the gas-filled room. How much do you Cypriots have to spend? \$200 million. At \$5 million a missile, that'll buy you 40 of our best new S-300s, not only threatening Turkish air domination but capable with some modifications of biting Turkish soil.

The Turks are reacting the way the Kennedy administration did when Khrushchev put Soviet missiles on ships to Cuba: You put those missiles in and we'll take them out.

Mr. Primakov has a fistful of interests in Cyprus. His commercial interest is in getting hard currency for Russian arms, and keeping missile factories burning.

Especially delicious to the ex-spy-master is the espionage interest. Cyprus has long been the intelligence crossroads of the Eastern Mediterranean, of benefit to Syria, Iraq and Libya. Turks charge that along with the missiles would come Russian "technicians" to bolster Russia's intelligence network.

And international spooks know that corporations in Nico-

sia have for years made it the money-laundering capital of the Middle East.

The U.S. State Department says the Greek south is now cleaner than the Turkish north, but the whole island launders. Mr. Primakov will be able to monitor the flight of Russian rubles to foreign banks, and gain added leverage over Serbia, which gets clandestine foreign money support through Cyprus.

Finally, Cyprus is the flashpoint of a Greek-Turkish tension that extends into the Balkans. Here was Mr. Primakov's way to retaliate at NATO expansion by breaking apart the southern flank of the alliance.

Madeline Albright, in a meeting with Mr. Primakov in Luxembourg in May, tried to talk him out of shipping the

missiles. She failed. Richard Holbrooke, unable to negotiate the Cypriot factions into a sensible "bizonal, bicomunal" federation, creatively tried to use the impending Cyprus crisis as a shoehorn to ease Turkey into being fairly considered for EU membership. But the Germans and Greeks would have none of that.

As a result of Mr. Primakov's maneuvering and European anti-Turk bias, we now have (1) Ankara more adamant than ever about a separate Turkish Cypriot republic; (2) the United Nations passing resolutions blaming Turks for everything; (3) Greeks lurching into a foolish missile provocation.

Bill Clinton should get on the horn to Boris Yeltsin and say, "Tell Primakov to cancel that missile order."

The New York Times

Northern Ireland: High Time for Hard Irish Questions

By Sebastian Barry

COUNTY WICKLOW, Ireland — We live, my three young children, my wife and I, in a quiet housing estate in the garden of Ireland. It is neither here nor there, in this part of Ireland, that my wife is Protestant and I am Catholic.

But when we awoke on Sunday morning last, we had to imagine a situation where men might come and throw a petrol bomb into our hallway and try to burn us in our beds.

Why? Because this is exactly what happened on this same island, in the small bours, to another family, a family who had sought the sanctuary of sleep in their own home. The Quinn family has lost three boys, Jason, Mark and Richard. Ages 9, 10 and 11. They were killed ostensibly in the name of loyalty, the creed of adherence to the British Crown, of Protestantism and Orangism.

Here is the litany of facts as reported by newspapers here that made their murder possible in modern Ireland.

First, their mother, Christine Quinn, is a Catholic, trying to live in Ballymore on a largely Protestant estate in Northern Ireland, about 40 miles (64 kilometers) north of Belfast. She returned only a year ago when things seemed safer in the new weather of possible peace.

Her partner is a Protestant, and the boys were attending a Protestant school. The mother wanted her children to assimilate in the neighborhood. Their uncle, Robert Patton, a Protestant himself, said that the boys were raised as both Catholic and Protestant.

It is worth noting (although now that the boys are dead, what is the good of talk at all, unless

God Himself is listening?) what a complex and yet typical background these children came out of, that mixture of Catholic and Protestant that extreme forms of nationalism and loyalism would like to think is rare but that is in fact sewn into the cloth of Ireland with a clear thread.

Mary Robinson herself, our former president, is married to a Protestant, and among people generally it is of no great interest or import. For Richard, Mark and Jason, however, it would appear it was enough to serve as a death warrant.

These boys surely did not know what the Orange parades were for, that they are held every year on July 12 to celebrate the victory in 1690 of the Protestant William of Orange over his Catholic father-in-law, King James II.

Indeed, it is reported by The Irish Times that the boys, the night before they were killed, innocently gathered kindling with the other children in preparation for the loyalist bonfires of the 12th. Gathered fuel for the fires with their own hands.

The commotions and upheavals of the Orangemen in the Drumcree area of Portadown seem to have provided the necessary cloak of passion and righteousness for the attack, although it is hard to say for sure. The Orangemen had protested the decision of the British Parades Commission to prevent them from marching through the Catholic district of the Garvaghy Road.

Leaders have survived to distance themselves from the murders, from the spokesmen for the protesters at Drumcree

to, more impressively, the Reverend William Bingham, one of the important leaders of the Orange Order. He nobly urged the Orangemen at Drumcree to disperse and go home.

He felt, one is sure, the anguish of the bell that would toll for three dead boys. Maybe he knows that these deaths are a greater thing, a more human, sorrowful and important thing, than beating drums in historical triumph past the bones of a historically defeated people.

Yet the Orangemen at Drumcree voted to continue their protest and indeed marched on Monday — rightly condemning the murders of the boys but unable to abandon the actions that must have contributed to the hatred that killed them.

The new first minister of the Northern Ireland Assembly, David Trimble, a loyalist himself, who up to recently has been seen marching with the best of them, spoke on television. He is part of a new passion for peace, a passion that failed at 4:30 A.M. on Sunday. You could see the grief in his face.

Even the Reverend Ian Paisley, the hard-line Protestant leader, showed obvious pain and shock as he spoke on Monday, not so much condemning as palpably reliving the deaths of the boys. The boys' own uncle was quoted as saying: "This is nothing to do with Orangemen. It's just hoodlums."

But nothing is ever just hoodlums. No, it was grown-up, thinking people who murdered them, and perhaps it doesn't matter at the end of the day whether they were loyalist or nationalist or any other thing.

Perhaps what matters is that they were Irish.

Perhaps the Orangemen at Drumcree are not the only ones who should be asking themselves hard and terrible questions. Yes, the Orangemen should have gone home and not marched. But perhaps the people of this island should entertain the possibility that we are all responsible for the deaths of those boys. What words and actions of us all led to such a thing?

Christine Quinn and the boys' father were to follow their three small coffins to the graveyard. In the crucible of the

North, new visions need urgently to be engendered, even in the face of death. Even as the sun comes up on murder.

In the meantime, dark, all dark. Perhaps God in his mercy, that pitiful God of Catholics and Protestants, of man and wife, of children and life, will look down on us and bring at last comprehension and better love to his darkened land.

Mr. Barry, a playwright, is author of "Prayers of Sherkin" and "The Steward of Christendom." He contributed this comment to *The New York Times*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Santiago Falls

WASHINGTON — Santiago has fallen. Official news of General Toral's surrender has just come to the War Department from General Shafter, who wires: "General Toral agrees to surrender upon the basis of being returned to Spain. The proposition embraces all Eastern Cuba, from Aserradero, in the south, to Sagua, in the north. The commissioners meet this afternoon [July 14] to definitely arrange terms." General Shafter's despatch greatly relieved the officials, who were in a high state of uncertainty as to what was transpiring.

1923: Press Warned

ROME — Drastic measures against the Press have been approved by the Cabinet. The "responsible person" for a newspaper must in the future be an editor, who must not be either a senator or a deputy. Prefects will

have the power to warn the editor against the continuation of articles or cartoons tending to foment class hatred, favoring the interests of foreign States to the detriment of Italian interests, or offensive to the nation, the members of the Royal Family, the Pope, the State religion, national institutions or friendly Powers.

1948: Rights Walk-Out

PHILADELPHIA — The Alabama and Mississippi delegations walked out of the Democratic convention today [July 14] amidst a great roar of boos from delegates waiting to nominate Harry S. Truman for the Presidency. Governor Fielding Wright, of Mississippi, said this walk-out was in protest over the Negro rights plank written into the platform. The plank advocated specific federal laws against lynching, restrictions on voting and discrimination in employment.

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OPINION/LETTERS

Why Not Nest Eggs For All Americans?

By James K. Glassman

WASHINGTON — Donald Othmer, a professor of chemical engineering in Brooklyn, died three years ago. His wife Mildred, a former teacher and a buyer for her mother's dress store, died in April. Both were in their 90s. They lived quiet, unpretentious lives — which is why it came as a shock to their friends to learn that their combined estates were worth \$800 million and that they had given nearly everything to charity.

How did the Othmers get so rich? Like many other Americans, they simply put their money into sound stock market investments and left it there for a long time.

This they had in common with a woman named Anne Scheiber, who worked as a government drone, never making more than \$4,000 a year. In 1944, she put a total of \$5,000 into stocks such as Coca-Cola and Merck, and when she died in 1995 she left her estate to Yeshiva University. It was worth \$22 million.

As for the Othmers, in the early 1960s they turned \$25,000 each over to Warren Buffett, an old family friend from their hometown of Omaha, Nebraska. "They just rode along," Mr. Buffett told *The New York Times*. The investment "never changed their lives."

In 1970, when the Othmers received stock in Mr. Buffett's new company, Berkshire Hathaway Inc. (which invests in other companies such as Gillette and American Express), it was trading at \$42 a share. On Monday it was \$76.80 a share. Mrs. Othmer's 7,500 shares are worth \$576 million. Mr. Othmer's, which were sold on his death when the price was lower, were worth \$210 million.

The Othmers were smart, or lucky, to pick Mr. Buffett to manage their money. But even if they had simply put their funds into the broad market, they would have ended up with a fortune of \$50 million to \$100 million.

The lesson is to live modestly, invest sensibly, don't



Alan Greenspan BULLFIGHTER

touch the money and grow rich. This lesson is at the heart of the current debate over transforming Social Security.

Today, it is a government-run plan by which Americans retiring over the next few decades will get minus (or even negative) returns on a lifetime of payroll contributions. But reformers, including Senator Daniel Patrick Moynihan, Democrat of New York, want instead to create a system of private accounts by which retirees can get the returns that the stock market has been generating for the past century.

Why shouldn't every worker be able to get the returns and build the nest eggs that Anne Scheiber and the Othmers built? They can, but only if they have money to save. Currently, 10 percent of every American worker's pay is going to taxes to fund Social Security retirement benefits. No wonder Americans are strapped.

William Beach of the Heritage Foundation has calculated that the average single black woman born in 1960 will receive lifetime benefits from Social Security totaling \$173,000. But, he found, if the woman invests the same money that now goes to Social Security taxes in a mixed portfolio of stocks and bonds instead, she will accumulate \$414,000.

Blacks, in particular, are victimized by the Social Security retirement system, since they do not live as long as whites and thus do not collect benefits for as long. Under a private retirement plan, they could pass assets on to their heirs.

There are other lessons in the Othmers' story:

(1) *Frugality pays.* Donald Othmer was a smart scientist who contributed to more than 40 patents at Eastman Kodak. But his wealth came from following the simple virtues. The *Times* wrote that as a boy "he developed a lifelong frugality as he earned money picking

drummed into the head of every young person. Put away money early, and don't touch it. If you can leave it undisturbed in a decent investment for a long time, it will grow to immense proportions through the miracle of compounding. Savings can also be eroded by capital gains taxes, but both Ms. Scheiber and the Othmers managed to avoid them by not selling their stocks, then passing them on. Still, the cut in capital gains from 20 percent to 15 percent that Congress passed last year is a move in the right direction that will boost savings.

(2) *Philanthropy will bloom.* The Othmers' estates will provide \$190 million to Brooklyn Polytechnic University, where Mr. Othmer taught. \$160 million to Long Island College Hospital, \$75 million to Planned Parenthood and so on.

Rich people, more and more, are giving back what they have earned in an effort to make society better. They would rather make these choices themselves than leave them to Uncle Sam, so they are preserving their estates against taxes. Eliminating the estate tax entirely could touch off a philanthropic flood. But, even without that change, generous Americans like Ms. Scheiber and the Othmers are turning frugality into wealth and wealth into good deeds. They deserve attention and praise.

The writer, a fellow at the American Enterprise Institute, contributed this column to *The Washington Post*.

A Riveting 'Natural Disaster' Is Fueled by Man's Meddling

By Tom Horton

BALTIMORE — Disasters are seldom what they first seem. Famines are less about failed crops than about the politics and inequities that impede sharing food in a bounteous world. The environmental impact of large oil spills often is less than the damage done by attempts at a quick cleanup. Of all America's natural killers, by far the greatest — surpassing floods, hurricanes, tornadoes, lightning, mud slides and blizzards together — is hot weather.

And on that heated note, the blazes that riveted national attention on Florida for the last month and a half were less about the need to "pray for rain" (Governor Lawton

Chiles' plea before the weather provided some relief over the weekend) than about a desperate need to set more fires.

To make sense of this, consider the pine forests that dominated Florida's landscape for thousands of years. They were not the dense stands of slash pine, the species one sees nowadays all over Volusia, Flagler and Brevard counties, where a half-million acres lie charred, where tens of thousands of Floridians had to evacuate their homes. Most of the slash was planted since the 1930s by timber interests in search of a faster buck. You can clear-cut and replant it every 20 to 30 years for pulpwood.

The natural woods that slash pine replaced were slower-growing longleaf, a magnificent pine that can grow for five centuries and whose wood is so hard and durable it seems more like oak or teak. The longleaf forest, which in Colonial times stretched from Virginia to Texas, was dependent for its growth on frequent fires. From the remnants, we know it was an open, sun-spangled forest, almost a treeless prairie, with widely spaced pines amid a waist-high undergrowth of sawy wire grass that rippled beautifully in the breeze.

Fires set by lightning surged through the forest every few years, the flames carried along by the wire grass. The pines were superbly adapted to survive the flames, without which the slow-growing longleaf could not have outcompeted other plant species. As forest fires go, those among the longleaf were seldom that intense because the frequent burning allowed little excess fuel to accumulate. That changed with the advent of slash pine plantations, where fuel — fallen limbs, needles, and dense, shrubby undergrowth like palmettos — has been accumulating for decades in some cases.

The result was a time bomb that went off this year after a drought left the piney woods supremely vulnerable. This is what causes experts like Geoff Babb, the regional fire man-

ager for the Nature Conservancy's extensive forests in Florida, to say, "What is needed is to be more aggressive in setting [controlled] fires ... to keep fuel supplies low."

The ecology of fire in the forest is less spectacular in the Chesapeake Bay watershed, whose tree species never needed to burn with anything like the frequency of longleaf pine. But there is evidence that our modern history of treating forest fire more as disaster than as a part of nature is leading to problems. Research is showing that wide areas of the eastern United States are undergoing a shift from oak-dominated forests to maple and other shade-tolerant species. As the oaks go, so do the acorns that are a food staple for a lot of creatures we consider part of our heritage — including deer, wild turkeys and squirrels.

Suppression of fires, which the oaks need in order to outcompete maples, is not the only factor. Gypsy moths, which favor oaks over maples, are another. Still, forest ecologists like Marc Abrams at Penn State University find that fire seems to be the common denominator in oak forests' flourishing.

We not only misinterpret the real nature of disasters, we fail to appreciate how changes in our habits cause disasters to mutate. Chicago's "worst" heat wave, for example, killed 550 people in 1995. In fact, the city had several longer, hotter spells in the 1930s, with far fewer deaths. But back then, vulnerable old people sweltered and even slept in the street, where neighbors could check on them. In 1995, victims typically stayed shut up alone in apartments for fear of crime.

Similarly, Florida is perhaps the nation's most progressive state in regard to using controlled burns to prevent bigger wildfires. But the counties that came under siege are ones where people have increasingly moved into the forest in recent years, fragmenting the landscape and making fire management both physically difficult and legally risky.

We have much to learn about the nature of disasters that are not quick and fiery. When same-size rainstorms in Maryland's metropolitan counties cause worse ever floods each decade, the key may lie in all the paving we have allowed upstream, with still inadequate storm-water detention measures. A sea-level rise around the Chesapeake is hardly as attention-getting as a forest fire, but it is happening, even as we continue to allow waterfront development. In many of our lifetimes, we will have to deal expensively with the consequences.

Coexisting peacefully with nature may be possible; but only if we do a better job of understanding how the natural landscape worked and let enough open space remain to buffer the effects of fire and storm and flood.

The Baltimore Sun

LETTERS TO THE EDITOR

Blair and Business

Regarding "Blair Bet in Scandal Over Money for Access" (HT, July 10):

Your headline is not only tendentious, but also gives a false impression of some wrongdoing on the part of Prime Minister Tony Blair.

Your American readers would not be at all surprised that there are people making a living out of lobbying the government on behalf of a variety of interests. There has been no suggestion anywhere that Mr. Blair or any other member of his administration has personally benefited from the activities of the lobbyist. It is rather that lobbying is still regarded as something alien to the British system of governance.

I am delighted that this administration has gone out to listen to the views of the business community and to include leading members of that community in senior

government posts. It is New Labour's fusion of social democratic principles with enlightened business practice that distinguishes this administration from all that have gone before and is creating a new beginning for Britain.

The article quotes Lord Hartley as saying, "The prime minister is biased in favor of successful businessmen." For the life of me, I can't see anything wrong with that.

SIGMUND STERNBERG, London.

Internal Problems

It is high time for a return to international law after much saber-rattling over Kosovo, which unfortunately gave hope to a miserable population heated up by a few agitators. The problems in Kosovo are clearly internal problems of Yugoslavia.

MICHELINE COURTY, Paris.

BOOKS

LUCKY BASTARD

By Charles McCarry. 385 pages \$24.95. Random House. Reviewed by Jonathan Yardley.

CHARLES MCCARRY'S ninth novel is dedicated "To the memory of Richard Condon," but that only begins to tell the story. Not merely is "Lucky Bastard" dedicated to Condon, it is an open act of homage, a deliberate reworking of "The Manchurian Candidate." Condon's classic dark comedy of politics and conspiracy in the 1960s, to suit the 1990s.

The 1990s mean Bill Clinton, who is — in thin disguise — the "Lucky Bastard" of McCarry's title. Though McCarry includes a cautionary note, claiming that "no character is based on anyone who ever lived and no reference is intended to anything that ever happened in the real world," no one who has been paying even the slightest attention in recent years will fail to recognize the inspiration for an Fitzgerald Adams, the irresistibly charming and un-

terly unscrupulous "Lucky Bastard."

It is true that fact is fact and fiction is fiction and that the author of the latter must be permitted to keep his distance from the former, a point with which Philip Roth has bludgeoned critics and readers for years. "Lucky Bastard" is a work of the imagination, and so too are the people with whom McCarry has populated it. Jack Adams must be seen as himself rather than as a mirror of Bill Clinton or Jack Kennedy or anyone else. But Jack Adams, carried "from triumph to triumph" by "his brains, his personality and his dazzling mendacity," is Clinton to the core, done up in a portrait far more penetrating and devastating than any other yet drawn, as summarized in the words of a man who understands Adams' essential nature:

"Jack has a great natural gift. Since childhood, he has studied people, found out what they wanted, and made them believe he was giving it to them even when he wasn't. Without money, without influence, without connections,

he has risen to the top every time. He has this uncanny gift for making others like him. Trust him. Want to help him. It's like a spell he can cast at will. ... Jack lies about everything, all the time. He always has. He's not even conscious that he is lying. He lies to please, to manipulate, to get what he wants. The amazing thing is, everyone knows that he lies all the time and about everything, but nobody seems to mind."

Jack, who is 21 as the novel begins in the mid-1960s, is an orphan from "a long line of Ohio steelworkers," an "American boy" with "curly hair, doughy young face, a brilliant smile; large square flashing teeth, eyes swimming with sincerity," long on brains and short on courage, a "unique, natural talent" at the game of politics and a compulsive womanizer who is "mad" for quick, impersonal sex. He also — or so at least he imagines — is the illegitimate son of John Fitzgerald Kennedy, and "the idea that he is a Kennedy bastard is the central obsession of this kid's life."

These words are spoken by an American agent of the Soviet Union, a "talent spotter" in the quest for a leader to take the communist revolution across the globe, even into the Oval Office. In Jack he sees "that rare avis among Ivy League radicals, a birthright member of the proletariat," and he has little difficulty persuading his handlers in Moscow and New York to undertake the young man's indoctrination.

Jack becomes, in the end, not the Manchurian candidate but the Chinese candidate, steered toward the world's highest office by a bizarre alliance of drug dealers, big-money political operators and Marx-besotted leftists. He is at once the cat's paw of his Soviet manipulators and a loose cannon, an "agent of influence" and a man of his own. In all, a most dangerous and entirely implacably self-interested creature, whose nonexistent conscience permits him to follow whatever course proves — or seems — to be most promising.

Unlike Condon's protagonist, a fairly ordinary if not wholly innocent man who is brainwashed into becoming an agent of his Manchurian candidate, McCarry's Jack Adams needs little persuading. He is the ultimate narcissist who feels nothing for

"everything in life except the most important thing in life, himself." Apart from a vague sense of mission imparted by his fantasy of belonging to the holy line of Kennedys, he believes in nothing and is willing to do anything as long as it advances him toward the White House.

In this quest he is assisted not merely by his various Soviet handlers but also by Morgan Weatherly, whom he meets at Harvard Law School and in time marries. She is — or so she presents herself to him at first — "a Movement pilgrim," a humorless and obsessive woman who "was, like her many counterparts, deeply deluded about almost everything, a state of being that left her convinced that she was one of the few sane people on Earth, and that her beliefs would keep her so as long as she lived by them and was faithful to them." Her transformation from grim ideologue into "a more traditional American political wife" is most amusing and will, like the character of her husband, reward scrutiny by students of contemporary American history; but we should no doubt follow McCarry's instructions and read no more into her than the novel itself suggests, tempting though it may be to do otherwise.

In this as in his other novels, McCarry proves himself a roborant and knowledgeable observer of American politics. He finds much to make light of and little, if anything, to esteem. He writes political fiction, that is to say fiction about how politics works and about the kind of people who do it, but at times he lapses into political commentary. As one who shares most of his judgments I find this agreeable, but it erects an unnecessary barrier between the fundamental intelligence and sophistication of his work and the reflexive viewpoints of many readers. When, a couple of years ago, I praised "Shelley's Heart" as an exemplary novel about life in high-stakes Washington, I was chided by a number of people who mistook him for a conservative ideologue and could not see beyond that. This probably will happen again, for deliberately or not McCarry invites it, but it is a pity. "Lucky Bastard" may not quite reach the heights of "Shelley's Heart," but it is serious fiction and deserves to be read as such by readers of all persuasions.

Washington Post Service

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BEST SELLERS

The New York Times		
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.		
FICTION		
No.	Book	Weeks on List
1	THE KILLING OF MR. T. by Michael Chabon	2
2	KNOW THIS MURCH IS TRUE, by Wally Lamb	1
3	SUMMER SISTERS, by Judith Blume	4
4	BRECKIDGEE, by Helen Jones	8
5	UNSPEAKABLE, by Sandra Brown	3
6	A WIDOW FOR ONE YEAR, by Jebra Ingers	5
7	THE STREET LAWYER, by John Grisham	7
8	THE ELEVENTH CUMMANCEMENT, by Jeffrey Archer	6
9	THE LAST MEASURE, by Jeff Mease	9
10	MESSAGE IN A BOTTLE, by Nicholas Sparks	11
11	OLD MOUNTAIN, by Charles Frazier	10
12	MENTOR ROCK, by Nicholas Sparks	12
13	THE GELISHA, by Arthur Golden	23
14	YOU BELONG TO ME, by Mary Higgins Clark	15
15	CITIES OF THE PLAIN, by Cormac McCarthy	14
NON-FICTION		
1	A PIRATE LOOKS AT FIFTY, by Jimmy Buffet	1
2	TUESDAYS WITH MORRIE, by Mitch Cullin	2
3	AMERICAN SWIMMING, by Malachy McCourt	5
4	A WALK IN THE WOODS, by Bill Bryson	3
5	ATTITUDE, by Ron Chernow	4
6	THE ARE OUR MINDS	10
7	DAUGHTERS, by Cokie Roberts	10
8	THE ASHES, by Frank McCourt	6
9	SHIP OF GOLD IN THE DEEP BLUE SEA, by Cokie Roberts	7
10	THE GIFT OF THE SEWS, by Thomas C. Hines	8
11	THE ALMONDARE NEXT DOOR, by Thomas I. Stanley and William D. Inge	11
12	THE MAN WHO LISTENS TO HORSES, by Henry Roberts	9
13	MIDNIGHT IN THE GARDEN OF GOOD EVIL, by John Berns	12
14	CONVERSATIONS WITH GOD: Book 1, by Neale Donald Walsch	13
15	STILL ME, by Christopher Reeve	15
16	TURNING AGAIN, by Dennis Miller	1
ADVICE, HOW-TO AND MISCELLANEOUS		
1	SUGAR SISTERS, by H. L. Shapiro	9
2	THE STEPS TO FINANCIAL FREEDOM, by Dan Snierson	11
3	MARILYN HENNER'S TOTAL HEALTH MAKEOVER, by Marilyn Henner and Laura Morton	2
4	SIMPLE ABUNDANCE, by Sarah Ann Swannick	1

INTERNATIONAL

For U.S. Protégés in Rwandan Army, What Use Was Rights Training?

By Lynne Duke
Washington Post Service

KIGALI, Rwanda — When Rwandan troops invaded the former Zaire in October 1996, it was a rude jolt for the U.S. officials managing relations with Rwanda. Following the civil war here two years earlier, during which more than a half million Rwandans were massacred, the United States had become increasingly close to the Rwandan government and the army that backed it. Rwanda's de facto leader, Major General Paul Kagame, was regarded in Washington as a brilliant military strategist. Hoping to build stability in strife-torn central Africa, Washington pumped military aid into General Kagame's army, and U.S. Army Special Forces and other military personnel trained hundreds of Rwandan soldiers.

But General Kagame and his colleagues had designs of their own. While the Green Berets trained the Rwandan Patriotic Army, that army was itself secretly training Zairian rebels. Rwandan forces then crossed into Zaire and joined with the rebels to attack refugee camps where exiled Rwandan extremists were holed up. That touched off a war that eventually toppled Africa's longest-reigning dictator, Mobutu Sese Seko of Zaire.

Although the United States shared the goals of

dismantling the refugee camps and replacing Marshal Mobutu, the invasion took Washington by surprise, sources in both countries say. And when the Rwandan forces became involved in massacres and other human rights abuses inside Zaire, which is now known as Congo, the United States faced a dilemma over how to react that persists to this day.

The story of the U.S. relationship with the Rwandan military illustrates the complications that have occurred when military ties — and, in particular, hard-to-track training operations by U.S. special operations forces — have become a prime instrument of American policy. Since the early 1990s, deployments of special operations forces have been rapidly expanding in Africa. This is part of a worldwide increase in contacts that are not subject to the civilian and congressional oversight that applies to other foreign military aid programs.

In the last two years alone, U.S. special operations troops have taught light infantry tactics or other military skills to troops in 21 African countries. South Africa is to become number 22 later this year.

In the case of Rwanda, U.S. officials publicly portrayed their engagement with the army as almost entirely devoted to human rights training. But the Special Forces exercises also covered other areas, including combat skills. As a result,

U.S. promotion of human rights has been overshadowed by questions about whether Rwandan units trained by Americans later took part in atrocities during the war in Zaire.

A United Nations report released last month charged that elements of the Rwandan Army were involved in abuses during the war that "constitute crimes against humanity," including the massacre of unarmed civilians and refugees.

Despite continued reports of human rights abuses by the Rwandan Army, this time inside Rwanda, a new round of joint combined exchange training between U.S. Army Special Forces and Rwandan units is scheduled to begin Wednesday. It will be the second this year.

U.S. officials defend the exchange training by arguing that it is wiser to engage with Rwanda to help it develop a human rights culture than it would be to step aside and risk a new descent by the country into chaos.

The origins of this policy lie in the Rwandan civil war, which began in 1990 when a rebel force led by minority Tutsi exiles invaded Rwanda from Uganda and attempted to overthrow the government, which was led by Hutu. General Kagame, a Tutsi who was then a colonel in the Ugandan army, was at the U.S. Army Command and General Staff College in Fort Leavenworth, Kansas, when the war began. He dropped out to take command of the rebel army, and later took

part in the talks that led to a peace accord in 1993.

The peace collapsed in April 1994. Extremist Hutu in the government and army subsequently orchestrated massacres of Tutsi around the country. At least 500,000 people were slaughtered, while Western governments and the United Nations debated what to do.

Finally, a revived rebel movement led by General Kagame defeated the government army and took power in Kigali in July. Hundreds of thousands of Hutu, fearing retribution, fled to eastern Zaire. Many of the Hutu soldiers and militiamen involved in the massacres took refuge in their midst.

U.S. officials were deeply relieved that the rebels had halted the massacres, thus ending the pressure for a U.S.-led intervention. They also said they were greatly impressed by General Kagame's leadership.

But Rwanda's new civilian government was largely a facade. General Kagame, who took the post of vice president and defense minister, remained in charge. With elections nowhere in sight, a diplomat said, the government was, in essence, a "disguised military dictatorship."

And that government felt it held the upper hand in its relations with Washington because its army had put an end to the massacres while the West dithered. Analysts here say the Rwandans have

played on Washington's sense of guilt about the genocide of 1994, and Washington's desire to deal with the lingering problem of the Rwandan refugees and militant exiles in Zaire, for example, "we were stronger because nobody could argue against us," said Patrick Mazimbuka, a minister in the office of the Rwandan president, Pasteur Bizimungu.

A diplomat here said, "I think the Americans were terribly manipulated by this government and now are almost held hostage by it."

Lieutenant Colonel Frank Rusagana offered a Rwandan perspective. He returned in April from three months of defense resource management training at the U.S. Naval Postgraduate School in Monterey, California. Now, as secretary-general of the Rwandan Defense Ministry and thus the top policy-maker for military development, he presides over a military administration that started from scratch in 1994 as a national entity.

He described the army as a reflection of Rwandan society: in flux as it tries to establish a new set of social values.

"Among us there are orphans of genocide victims," Colonel Rusagana said. "Among us there are sons and daughters whose parents actively were in the genocide. Over a period of time, we have to establish democratic institutions and values for the military to protect."

U.S. Joins a World Call For Small-Arms Curbs

Oslo Conference Sees Danger in Lax Controls

By Raymond Bonner
New York Times Service

OSLO — Citing "uncontrolled" proliferation and "excessive" accumulation of small arms and light weapons around the world, the United States joined 20 other governments Tuesday in calling for measures to control the illicit and legal sales of small arms and light weapons.

The appeal was the first of its kind by governments acting in concert.

And although they failed to issue a statement of "common understanding," even after it was watered down during two days of closed-door meetings, the strongest advocates of controls on the small arms trade were pleased with the developments.

"We made a step," said Marc Van Craen, director of Belgium's foreign aid agency.

He noted that it took 13 years to get a United Nations convention on the rights of children.

"Twenty-one countries reached a common understanding that we have to do something about the plague of small weapons and a broad agreement on what needs to be done," said Ambassador Van Craen, who served in Burundi during some of the worst killings there. "But, of course, once you get into the details, the difficulty starts."

Some of those difficulties were foreshadowed here, during the efforts to draft a statement of "common understanding," and discussions on a proposed treaty, put on the table by Canada that would restrict small-arms sales.

Reflecting the virtual absence of any international legal controls now, the treaty would bar sales only to "nonstate actors," such as rebels, terrorist groups and criminal organizations.

Nevertheless, the United States and other countries expressed misgivings about the proposed treaty, fearing that it would impinge on foreign policy and commercial interests, by barring covert

sales in support of "liberation" groups and sales to private companies.

On the other hand, Colonel Sirakoro Sangare, a military adviser to president of Mali, which has just recently come out of a long civil war, said the Canadian proposal was "very good."

Other countries felt that the Canadian proposal did not go far enough because it did not deal with sales to dictatorial governments or to regions of conflict. "This is the floor, not the ceiling," said Steven Lee, a member of the Canadian delegation and director of the Canadian Center for Foreign Policy Development.

"What we've tried to do is put the puck on the ice and get the game started."

One thing everyone here agreed on was that it is going to be a long, and difficult game.

At the insistence of the United States, Great Britain and South Africa, language was removed from the document calling for governments to release information publicly about their small-arms production and holdings.

ARMS: Buying, Selling and Moving Light Weapons Is a Wily Game of Eluding Lax Laws

Continued from Page 1

or they are shipping weapons directly from the United States or brokering deals abroad.

The administration is pushing other countries to adopt similar controls.

Britain plans to address this, but only in part, by preventing arms dealers from selling weapons to countries on which the United Nations has imposed arms embargoes.

While weapons falling from the sky seems downright bizarre, the other elements of this tale typify a black-market small-arms transaction. "You have deals like this being brokered on all continents of the world every day," said Donald Manross, an American who is director of

the firearms and explosives division at Interpol, the international police group that is still investigating the Purulia deal, which occurred in late 1995.

It is easier for the black-market trade to flourish because even legal transactions are highly secret.

To protect the interests of businesses, most governments, including the United States, do not disclose information about licenses issued to arms exporters.

Also, the document that governments rely on to control the destination of weapons, the so-called end-user certificate, can be easily forged, and a dealer has no legal responsibility to check on the validity of this certificate before shipping the weapons.

Rebel groups and terrorists use phony

end-user certificates to disguise where the weapons are intended to wind up.

Britain has tough export controls, but in this sale to the Indian religious sect, none of the arms touched British soil and no British documents were involved.

Thus, while the British arms broker, Peter Bleach, languishes in a Calcutta jail on charges of waging war against India — his plane was forced down when the deal went sour — he does not appear to have violated any laws in Britain, where he was based.

Nor is the other British arms-trading company, Border Technology and Innovations Ltd., which arranged for the weapons to be bought and shipped from Bulgaria, accused of any crime.

Mr. Bleach has pleaded not guilty in

India to 12 counts, all of which carry the death sentence.

If significant curbs are going to be made on the shadowy arms trade, said Mr. Manross of Interpol, end-user certificates need to be standardized so that it is more difficult for them to be forged and easier for a company to check their validity.

Mr. Manross noted that in the last year there has been considerable discussion among a few government and independent groups that study the small-arms trade about the need to crack down on the illicit trade in small weapons.

"Now, we have to move to concrete action," he said.

The deal of Mr. Bleach began in the summer of 1995 when he heard from a German commodities trader that a Danish businessman wanted to buy weapons.

Like many arms traders, he has a military background, having served in the British Army. Afterward, he was a prison guard in what was then white-ruled Rhodesia.

He returned to Britain as a private investigator and later took up commodities trading, including arms deals. His company, Aerosecure, has a license from the British Ministry of Defence.

"He's a Walter Mitty character, and a bit of a lady's man," said Christopher Hudson, who met Mr. Bleach 15 years ago in the course of their political activities in the Conservative Party.

Mr. Hudson, who is engaged in a campaign to save Mr. Bleach from hanging, likes to call him "the Milk Tray man." It is a reference to an advertisement popular in Britain in the 1970s, where a dashing man in a black polo shirt jumps out of planes and helicopters and braves shark-infested waters or other dangers to deliver a lady her Cadbury's chocolates.

For the Purulia deal, the dealer showed up in Amsterdam to meet a man who introduced himself as Kim Davy. He met with Davy and his lawyer at the business center of the Intercontinental Hotel in central London.

Mr. Davy's real name is Niels Christian Nielsen. He was born in Denmark in December 1961, according to a confidential Interpol report. He took the name Kim Davy from a New Zealand infant who died at the age of 5 weeks.

He has also engaged in gold and drug smuggling, money-laundering and counterfeiting \$100 bills, according to the report that Interpol refers to as a "red notice."

A restaurateur and vegetarian, Mr. Nielsen is a member of the Ananda Marga, a Hindu fundamentalist group founded in 1955 in India, according to Interpol.

The police agency says that the sect has been responsible for "many acts and threats of violence against Indian government buildings and personnel," and was the intended recipient of the weapons.

Mr. Davy eluded the Indian police when Mr. Bleach was seized and is still at large. Several European countries want him for crimes ranging from armed robbery to counterfeiting.

BRUNEI: The Party Will Go On

Continued from Page 1

difficult to tell if Brunei is indeed in recession.

When times were good and oil prices were high, financial and political transparency — the watchword of the current economic crisis — did not seem to matter much.

But in the wake of the spectacular collapse of Amedeo Development Corp., a company run by the Sultan's jettisoned younger brother, Prince Jefri, banks and contractors are begging for clarity.

Four years ago, Prince Jefri convinced the Sultan that he could transform this sleepy town of just 60,000 people into a First-World capital. He formed Amedeo and installed his son, Hakim, a teenager at the time, as managing director.

The company took on large infrastructure projects: a five-star hotel, a hospital, an amusement park and an international school. Overseas, Prince Jefri bought a host of luxurious hotels: the Dorchester in London, the Plaza Athénée in Paris, the Beverly Hills and Bel-Air hotels in Los Angeles, and the Palace in New York.

He also took over the company that supplies jewelry to Britain's royal family, Asprey PLC.

Analysts here said the trouble with Amedeo began last year, when contractors began reporting that they were not being paid. But it was not until earlier this year that the Sultan ordered an audit of the company's books. The palace has been tight-lipped about the scandal, saying only that an investigation is under way. Bankers and businessmen say the Sultan may divulge more information on Amedeo during his birthday speech.

Prince Jefri, meanwhile, is said to be out of the country and, according to several accounts, out of favor with the Sultan.

Amedeo's total losses have been estimated at as high as \$16 billion, but no official figure has been given by the palace.

What is certain is that companies that worked with Amedeo are now owed tens of millions of dollars. One of the biggest contractors here said he was owed more than 80 million Brunei dollars (\$47 million).

Although many of these projects were viewed as public works, the government has said that it will not honor Amedeo's debts.

"Amedeo should deal with its own problems," Ismail Damit, Brunei's minister of national development, said recently.

The government's stand has left the bankers and contractors involved feeling duped.

"When people did business with Amedeo, they thought they were dealing with His Majesty," said the Western banker. "This will hurt the image of Brunei and the image of the family."

As it is, the royal family's image outside the country is not quite what it might wish. In the United States, the family made headlines when Shannon Markette, a former Miss U.S.A., alleged that during a visit to the Sultan's palace she was sexually abused. (A court in America last year ruled the Sultan was immune to prosecution.)

Among Brunei's citizens, who often learn of these and other alleged scandals from the Internet — the local press does not cover such things — there seems to be a collective shrug.

Referring to Prince Jefri, one of the government's critics, Mohammed Hatta Zain al Abidin, said: "If he's a real Muslim, whatever he has done is between him and God."

This nonchalance is often attributed to the comfortable life that Brunei's citizens lead, sometimes called "Shell-fare." (The Royal Dutch/Shell Group is the country's second-largest employer, after the government.) Brunei's citizens are given free medical care, pay no income tax and enjoy such privileges as free access to a large amusement park outside Bandar Seri Begawan.

Business related to oil and gas, which makes up at least 80 percent of total economic output, will not disappear any time soon. Mr. Troner of Asia Pacific Energy estimates that at current production levels Brunei has at least 25 to 35 years of gas left and at least 20 years of crude oil.

Whatever the family does is the business," said a foreman at the Public Works Department on Tuesday as he helped prepare for the Sultan's birthday parade, "as long as we receive our money every month."

IMF: Multibillion-Dollar Loan to Russia Leaves Thin Reserves for Any New Emergencies

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alized nations, but all are considered likely to approve the largest contribution to the IMF, and holds 18 percent of the votes, the largest share of any nation.

With Japan in political and economic flux and other economies throughout Asia moving downward, the IMF and other lending agencies now have few reserve resources left.

"This puts them pretty close to the bottom of the barrel," said Morris Goldstein, a former IMF official who is now with the Institute for International Economics in Washington. "If a big case comes in, then you're stuck. Your alternative then is to go around hat in hand and try to put it together bilaterally."

Clinton officials said the situation added urgency to their request that Congress provide new money for the IMF. The Senate has approved a White House request for \$18 billion.

But the House has balked at providing the money to the IMF without conditions that the White House has considered unacceptable, including limits on family planning.

Any congressional approval would not have direct effects on the Russia bailout. But it could help the Fund if it needed additional money to deal with a further spreading of the Asian crisis.

"With each of these developments, it becomes ever more important that Congress act quickly to approve IMF funding," a senior U.S. official said Monday.

A House Appropriations subcommittee is scheduled to take up the issue on Wednesday. But Republican aides said Monday that the party leadership has not decided whether to seek the full \$18 billion or to limit the bill to one part of the financing, \$3.5 billion that would go to an expanded version of the backup credit line.

That would leave open the question of the other \$14.5 billion. That money would be the American contribution to an increase in the monetary fund's main financing pool, which is financed by quotas — or membership dues — levied

on each of the 182 member countries. Democrats in Congress said that they would push the Republicans to approve the new appropriation.

"We no longer have the luxury of simply waiting for something to happen," said Senator Tom Daschle of South Dakota, the Democratic leader in the Senate. After meeting President Bill Clinton at the White House on Monday, he said: "It's happened. We've got to act soon."

Some Republicans in Congress said the Fund was exaggerating the crisis it faces. They said the Fund has \$30 billion in gold reserves, plus the ability to bor-

row on the financial markets.

Fund officials said that they plan to raise \$8.4 billion for the Russia bailout from the credit line, known as the General Arrangements to Borrow.

The United States, which provides 25 percent of the money under the credit line, expects the Fund's request to be approved quickly by the big industrial countries, the senior U.S. official said.

American participation would not require congressional approval.

Under the credit line, the United States and its major allies can provide the fund with up to \$23 billion, which

ULSTER: Sobs Break the Silence at Burial of 3 Young Brothers

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12. He survived because he was staying that night at the house of his grandmother, Irene Quinn, in Rasharkin.

The coffins were carried into the nave as the steeple bell tolled dirgeful notes. People throughout the church pressed handkerchiefs to their faces, and children clutched at their parents. The coffin bearers, teenagers and young men, were overcome with grief, and substitutes were rushed in to shoulder their burden.

The most distraught of them, a man with tattoos and facial jewelry named John Dillon, 28, was said to be the estranged father of the boys, all of whom had taken their mother's name. He was left to mourn alone, at times tearfully patting the coffins. All references to remembrances for special prayers during the services talked of "Christie, Lee and the extended family."

Father Forde, who invited Presbyterian and Methodist ministers to help him in the service, said, "One could even say that we are all united by this horrible event."

The Reverend Patrick Walsh, the bishop of Down and Connor, focused on the disputes over the Protestant marching season that have convulsed Northern Ireland in recent weeks and provoked mob violence against Catholics that culminated in the killings Sunday morning.

"The airwaves, the printed page, have

been saturated with noises — strident, harsh, discordant noises — carrying words of hatred, of incitement, or recrimination, words not found in the vocabulary of Christianity," Bishop Walsh said. Leaving no doubt that he saw linkage between defiant protests and violent acts, he said, "The weapons of hate-filled words inevitably fuel weapons of murderous destruction."

The standoff between the Protestant Orange Order and government security forces at Drumcree church was in its 10th day Tuesday, with its numbers reduced by its leaders determined to carry on with their protest despite calls from Protestant church leaders and politicians to end it out of respect for the dead boys.

Monday night, the Reverend Ian Paisley, hard-line leader of the Protestants, rejected claims that the Orange protest was linked to the outbreak of mob violence and the killing of the boys. At a bonfire-lit rally at Drumcree, he urged the demonstrators to keep their stand and said that politicians seeking an end to the protest were "dancing on these young fellows' graves." He added that the Irish Republican Army, the pro-Catholic group seeking to unite Ulster with Ireland, had committed "much worse crimes" against Protestants.

Protestant church leaders stepped up the pressure on the protesters to end their standoff, scene of violence every July

for the past four years. Backing the calls to leave the scene, they said in a statement, "We place on record our other revulsion at the murder of the three little boys in Ballymoney and extend our sincere sympathy to the parents and to all the bereaved family."

At the service Tuesday, Father Forde concluded by saying, "Now in peace let us take our little boys to their final rest in Rasharkin."

The coffins were lifted into a single hearse and driven seven miles (11 kilometers) to a hill near the cemetery.

With a final prayer, the white coffins were lowered into a single large fresh grave, and hundreds of bouquets were placed on top. Three floral tributes spelled out the boys' nicknames — "Tavish," "Marky," "Acc."

Family members said that Miss Quinn had asked that the boys be buried here so that she would never have to go back to Ballymoney.

Back at the Carnary Estate in Ballymoney, Samuel Montgomery, 8, pedaled his bicycle up to a visitor looking at the soot blackened facade of the gray stucco home where the boys, who had been his friends, died.

He peered through the boarded-up window and asked if they were still inside. Told no, he paused. Then he brightened. "They're going to heaven today, right?"

Keepers of Ancient Chinese Music Bring Their Art West

By Katherine Tanko

LIJIANG, China — It is a Wednesday evening in Lijiang's Academy of Music. A dozen elderly men dressed in black gowns embroidered with gold brocade take their place on stage. Seated in a row, high-backed chairs, they tune their aging instruments — a weathered transverse flute, standing guitars, Chinese lutes — as the lights begin to dim. With their weather-beaten faces, long white beards and dark glasses, they look more like Taoist jazz musicians than retired peasants and workers.

But then the Dayan Ancient Music Association is not your typical music troupe. Appearing this fall in their first European tour, these mostly elderly musicians are the lone keepers of Chinese imperial music dating from the seventh century. Known as Dongjing, this ancient form of classical Chinese music disappeared from the 13th century onward. It survived intact only among the Naxi, a minority group based in the remote hill town of Lijiang, in northwestern Yunnan Province.

The champion defender of Dongjing is Xuan Ke, a Naxi scholar and musician who helped set up the group, and the affiliated Naxi Academy of Music, in 1986. Despite the group's success in raising awareness of Dongjing, Xuan warned that this ancient musical legacy remained threatened. "Dongjing is in danger of dying out," Xuan said. "We

must do everything we can to preserve this music."

The Academy is in the heart of Lijiang's old town, an 800-year-old labyrinth of flagstone streets lined with stone houses, arched bridges and a rushing canal, resting in the shadow of the Jade Dragon Snow Mountains. Also known as Dayan, this ancient township is a UNESCO Heritage Site and a magnet for domestic tourists and overseas Chinese hankering for some pre-Mao nostalgia.

Dongjing survived in Lijiang — long after it vanished elsewhere in China — thanks to the town's isolation and the tenacity of its inhabitants. Descended from Tibetan nomads, the Naxi are an intelligent and cultured people, egalitarian in spirit, independent by nature. They are also matriarchal: Women control all aspects of economic life while men are traditionally gardeners, child-minders, scholars and musicians. Regardless of his wealth, a Naxi man could never be considered a gentleman unless devoted to scholarship or well-versed in ancient musical traditions.

The Naxi inhabit one of the most inaccessible, mountainous regions of China. Lijiang rests on a remote plateau 2,400 meters (7,900 feet) high. Too small and isolated to attract the interest of invading armies, for centuries it thrived as an independent town catering to the



A member of the Naxi orchestra performing in his hometown of Lijiang, China.

area's minority tribes. As a result, the Naxi evolved as a largely autonomous group with a distinct culture, religion, pictographic language — and music.

Naxi ancient music, as Dongjing is more commonly known, has been called the most genuine, unchanged, undecorated traditional Eastern music alive. It originated in the ancient courts of imperial China — some compositions date

from as far back as the Tang and Song dynasties — but was lost under the influence of successive invaders. Used as Taoist ceremonial music, it thrived in Lijiang where it was zealously passed down from father to son. The music was so popular that at one point there were more than 30 Dongjing associations in Lijiang alone.

Dongjing music is played in the tra-

ditional way with each instrument tuned to a different note on the ancient Chinese five-tone scale. Only authentic instruments are used, including the lute, pipe, zither, gong and bamboo flute.

Of the 32 musicians who make up the Naxi orchestra, many are in their 70s and 80s. The chief conductor is 88, while Xuan is considered a mere youth at 69. The musicians' day jobs — if they're young enough to have jobs — range from peasant and factory worker to accountant and tour guide.

The most recent threat to Dongjing came during the Cultural Revolution when musicians were forced to bury their instruments — some of which had been handed down for generations — to keep them from being destroyed.

In the 1950s, Xuan was a music conductor based in the provincial capital, Kunming, and wrote lively, outspoken articles on art and culture. He was imprisoned in 1957 after the Hundred Flowers Movement, and spent 21 years in a tin-mining camp in southern Yunnan, a place he describes as a "human hell." He was not released until after Mao's death.

Xuan then returned to Lijiang, with a vision to preserve what was left of Naxi culture for future generations.

The Naxi Academy of Music was formally opened in July 1986. Financed

by concert revenue and tape sales of Dongjing music, it offers free lessons in Naxi history, culture and music in more than 100 students. Although traditionally the preserve of men, it is now young women and girls who show the most interest in carrying on Naxi musical traditions. Female students make up more than 75 percent of the Academy's music classes.

Since its debut concert in July 1988, the Dayan Naxi Ancient Music Association has generated huge international interest in Dongjing. The nightly home-town concerts, which began as modest affairs drawing a handful of curious spectators, now attract devotees from around the world. The group held its first overseas concert in Britain in 1995 and performed in Oslo this year at the invitation of the king of Norway.

In September, European audiences will get the chance to hear this rare music during a series of concerts in Paris, Geneva, Turin, Grenoble and Frankfurt. Despite the group's success, Xuan fears that Naxi ancient music faces its greatest threat yet: pop music. Few young people, he said, are interested in classical forms these days. The advanced age of the group's senior musicians is also a cause for concern. But if Xuan's passion is anything to go by, the music that survived revolutions and Red Guards will continue to echo through the hills of Yunnan for generations to come.

Katherine Tanko is a journalist who travels frequently in Asia.



Words (Paul Haines) and music (Carla Bley) for "Escalator Over the Hill."

'Escalator' on Tour Where Words and Music Converge

By Mike Zwerin
International Herald Tribune

OREANS, France — Do not expect straight-ahead, what-you-hear-is-what-you-get language from Paul Haines. It will never be crooked, never be a lie, on the contrary. Expect his words to describe reality on a level apart. They will dance with hidden and graceful and totally original and honest design.

Ask him to define "Escalator Over the Hill" and he'll say something like: "It falls outside the natural reach of narrative, and this is left to the music to describe."

The 1971 recording of "Escalator" has become a legend. It is now reissued in a 2-CD box. Currently being performed on the summer festival circuit, it was written by Haines and Carla Bley. The former, who wrote the book, calls it "EOTH." Or, as is written on the cover, a "chronotransduction."

Other people call it an opera. It is a long work combining words and music in a way that still sounds fresh, like a deconstructed cantata maybe. The image of an escalator on a hill came from Haines's "aversion to the overused verb 'to escalate' that was heard so often during the Vietnam War." Which reminds him: "The most overused word 'May' is 'interaction' was one of the first and is still among the most successful marriages of jazz, from New Orleans to free, with other musical traditions, such as the Broadway song form and contemporary classical music. The record features a colorful bouquet of performers including Jack Bruce, Charlie Haden, Linda Ronstadt, Roswell Rudd, Don Cherry, Viva, Paul Motian, Enrico Rava, Gato Barbieri and John McLaughlin.

In addition, the credits add, "Flies, Bullfrogs, and Mindsweepers are played by Carla Bley, Michael Mantler and Don Preston."

Before last year, it had never been performed live. Staggered by the amount of work involved, Bley avoided it. It had to be brought down from 90 people to 23, from three tubas to one, and so on.

She was finally talked into it, with the help of subsidy money, on the occasion of the 300th anniversary of the city of Cologne last year. Then, as she puts it, "the problem" was that her agent "liked it so much he insisted on a tour this summer." This was a real problem; she could no longer say no.

Most of the original players and singers were unavailable, and even with the reduced instrumentation, EOTH still involves a very big band indeed.

It has "major work" written for it. A resemblance to the Berlin operas of Kurt Weill has been noted. During a press conference after a performance as part of the Orleans Jazz Festival this month, Bley was asked about Weill, and she said: "I'd never heard Kurt Weill when I wrote 'Escalator.' But I had heard Erik Satie. He was my favorite composer."

Sitting next to her, Haines said: "Did you know that Satie slept in the same

sheet for six years without changing them? They went from white to gray to the color of the upholstery in a Ford Fairlane." Haines values such information. The press looked puzzled.

Bley and Haines understand each other, they are easy with each other — two people who have been close friends for much of their lives, even if for years at a time only by mail. "I guess I got most of my Satie licks via the Beatles," Bley completed her thought. "Mostly 'Magical Mystery Tour.'"

A veteran bandleader and composer who lives near Woodstock, New York, Bley is probably the best known and certainly one of the most prolific, original and widely accepted female jazz musicians. She helps run her own record label, WATT, which is distributed by ECM. Her daughter Karen Mantler is a singer and keyboardist on this tour.

Bley and the bassist Steve Swallow became the romantic jazz couple of the '90s a few years ago, after being colleagues for two decades. It was big news. The relationship still seems to be as good as it was unexpected. Swallow sat on the floor and observed the press conference in silence.

Haines's full head of unruly white hair is in your face. His malleable features turn beet red after one of his frequent hearty laughs. A native of Vassar, Michigan, he has lived in Coconut Grove, Florida, Heidelberg, Germany, Lausanne, Paris, Grenoble, New Mexico, Maine and Ontario.

Now 66, he is a poet and a filmmaker and a retired French teacher and translator who took Canadian nationality after living and working there for many years. He has a happy marriage and three grown children. He wrote "Escalator" in New Delhi while teaching there. Haines walks on mechanical knees, a result of a hit-the-ground-running athletic boobyhood, which was recalled when the Vassar newspaper published the headline: "Local Athlete Writes Opera."

Haines cannot resist transmuting whatever words cross his purview. He is a spinner of lines, one after the other, they come out of his head like ... gray hairs. He loves to laugh at his own lines, and at lines by others such as Oscar Levant's definition of an atheist as "a man with no invisible means of support."

They keep coming, line after line, with fancy circles in between, and sweeping curves: "I was living in New Delhi, and I sent the words out to Carla to work on. They describe sensations. Not ideas; sensations. Although there are a few sensational ideas there, of course."

He said he loves his line "You have to give up what you don't want, to get what you do want." "That's true, you know," he said.

He flinched, "I'm waiting for Carla to say 'I never liked that line.'"

Bley smiled, "The one I really like is about 'singing to mice born dead in traps.' There was an awkward silence, people took time getting it."

And Haines finally said, "Carla got into the intersections where these lines meet, and she wrote the music."

Operatic White Nights in St. Petersburg

By George W. Loomis

ST. PETERSBURG — For a major music festival, the Stars of the White Nights maintains an unusual capacity for the spontaneous.

Held at the end of June when hours of darkness here are at a minimum, it is an occasion for the top artists of the Maryinsky Theater (still called the Mariyinsky internationally) to reunite in St. Petersburg, no matter how far afield their careers have taken them, and reprise the high points of the current season.

But the artistic director, Valery Gergiev, makes sure there is also room for experimentation. This year he decided only a few weeks before the opening to perform "Semyon Kotko," Prokofiev's first attempt at an opera on a Soviet subject. It was performed in concert, where last year the company put together a new production of "Boris Godunov." In barely over a month, but "Boris" is "Boris," while "Semyon Kotko," which has had only a handful of performances since its unsuccessful premiere in 1940, is all but unknown.

The late Sviatoslav Richter had commended "Semyon Kotko" to Gergiev, but this ardent champion of Prokofiev would surely have gotten to it anyway. His absorbing and often brilliant performance set everyone to wondering what it would be like to see the opera staged. It revealed music that, far from

capitulating to Soviet demands for musical simplicity, brings together in a sophisticated way Prokofiev's earlier, conversational approach to opera and the kind of infectious melodies he had a special knack for producing.

Set in Ukraine during World War I before the Soviets gained control, "Semyon" has, like many operas, a love interest that crosses social lines in matching a Soviet soldier with the daughter of a landowner. Its themes of military and political conflict have genuine operatic resonance.

One scene, the close of act three, is a real knockout — a massive choral ensemble based on an ostinato figure in the manner of "The Fiery Angel," which reaches an overwhelming climax as the Germans work their havoc.

All well and good, but this is an opera that glorifies the Soviet state in the most unobvious of ways. In one scene Semyon gives a lesson to his fellow soldiers in how to use artillery. The opera ends with a banal Soviet celebration — a weak moment. It might be tempting to change the libretto, but that would draw other unfortunate parallels to Soviet times.

Can a palatable way be found to stage the troublesome scenes? If not, maybe the best way to experience "Semyon Kotko" was the way we did at the Maryinsky Theater — furnished with an inadequate English synopsis, struggling to catch the odd word of text while taking in the fascinating music and letting the imagination conjure

up what dramatic associations it will.

Viktor Lutsyuk gave a good approximation of the title role; Tatiana Pavlovskaya was rather more than that as his lover Sofia, especially arresting in the rapid delivery of her duet with Semyon. Fedor Kuznetsov was effective if a bit youthful as Sofia's evil father. The young partisan Mikola gets some of the best tunes, and Yevgeni Akimov sang them handsomely. Natalia Ushakova was mesmerizing in leading off the third-act ensemble.

"Semyon Kotko" was sparsely attended, something that could not be said for most White Nights events, least of all Placido Domingo's appearance in a Wagner concert offering two complete acts. The tenor was in refulgent form and brought with him two ladies well known internationally, Deborah Voigt and Violeta Urmana.

In still another concert, the Maryinsky's enchanting young lyric soprano Anna Netrebko offered her first performance as Violeta in "La Traviata" in a performance fervently led by Gianandrea Noseda, which benefited from the robustly sung Germont of Vassili Gerello.

The close of the festival brought no respite for this hard-working company. After an interval of barely a week came a new production of "La Forza del Destino." Gergiev likes to perform operas in alternate versions and had a good excuse for offering this one in Verdi's

original form: St. Petersburg was the site of its premiere in 1862.

The whole evening had a historical tone, for the new sets were based on Andreas Roller's designs for the premiere, with their striking vistas and vaulted buildings. Under the circumstances, Elijah Moshinsky's direction was fittingly conventional.

The St. Petersburg version differs from the familiar Milan version of 1869 in many ways, most obviously in its ending. Don Alvaro curses humanity and hurls himself off a cliff, a logical fate for one against whom destiny had exerted its force with such unrelenting harshness. But Verdi had a point when he said he needed to "avoid so many deaths" and the consoling trio that ends the later version in lieu of the suicide has musical beauties one hates to pass up.

Still, the original ending, with its furious music reminiscent of the "Rigoletto" storm whipped into shape by Gergiev, made an impact, one that doubtless would have been even stronger had Gergiev's direction succeeded in developing Don Alvaro into a truly tragic figure. As it was, one appreciated his splendidly heroic singing. Galina Gorchakova sang Leonora passionately, but one missed the floated high notes that are so closely identified with the role. Nikolai Putilin was a powerfully vengeful Don Carlo.

George W. Loomis is a music writer based in Moscow.

Summer School Is in Session: 'After Darwin'

By Sheridan Morley
International Herald Tribune

LONDON — If you are thinking of enrolling in summer school, you could do a lot worse than the redoubtable Timberlake Wertenbaker's postgraduate crash course in the Darwin legacy, "After Darwin," at Hampstead.

This update on evolution confirms Wertenbaker's theatrical courage, if not always her stage skills. She has always been good at the linking of two apparently disparate worlds. "Our Country's Good," which made her name a decade ago, was about Restoration comedy and the first convicts to be dispatched to Australia, and now we have two actors and an immigrant director from Eastern Europe and their black American dramatist rehearsing a pub-theater play about the conflict between Darwin and the captain of his discovery ship, Robert Fitzroy.

Once again, Wertenbaker has two scenarios clashing by night: We get a good summary of the relationship between Darwin and Fitzroy across the 30 years or so between Darwin's theory from his original trip to the Galapagos that man is descended from apes rather than Adam and Fitzroy's eventual suicide because he could not bear the weight of being the sailor who took Darwin there in the first place.

In their modern dress, Darwin is a flaky actor eager to abandon his theater contract and head for Hollywood fame, however fleeting, while Fitzroy is the dedicated, old-fashioned stage luvvie fighting a losing battle against showbiz triumphalism and the coming of the violent video. "After Darwin" gets into logical trouble only when the latter-day drama of the actors in the pub threatens to become more interesting than the original conflict between Fitzroy and Darwin.

Michael Feast as Fitzroy and Jason Watkins as Darwin give two mesmerizing performances, while Colin Salmon and Ingeborga Dapkunaite have more of a struggle with the less developed roles of the playwright and the director. As we and the play lurch backward and forward across time and place, there are moments when you wish that Wertenbaker had just stuck to one plot or the other, since both are of considerable complexity. But there is no doubt that "After Darwin" is an even-

ing of considerable dramatic daring, agilely staged by Lindsay Posner.

Something curious is going on at the Theatre Royal Haymarket: Dame Edna having packed her bags rather sooner than might have been expected, the management is continuing through the summer a series of solo shows in one of the most magnificent playhouses ever built for full-scale drama. Solos are certainly the cheaper option, and maybe soon the Haymarket will, like the Whitehall, turn itself over to a television studio, thereby abandoning the need to sell tickets at all.

First of the summer solos is Steven Berkoff in a memorably dark and deft 90-minute ramble around "Shakespeare's Villains," one that with traditional modesty bills as "a master class" but that

lectures in truth a kind of leftover lecture to first-year drama students interrupted by a few over-the-top rantings from the Bard. Having decided, and perhaps rightly, that the only playwright and director really worth dealing with are himself and himself, Berkoff gives us some grudging purple passages, in which he scores best when turning Lady Macbeth into a drag act for seaside pantomimes and Oberon into an unexpectedly malevolent villain instead of the usual fairy king. But the trouble with doing everything yourself is that you are ultimately, as here, left alone on stage with no scenery, no costumes and no one to help when the going gets rough, as it has here in a disgracefully sloppy and undeveloped evening at full West End prices.

Briefly and finally, Jean-Marie Besset's "What You Are and What You Expect" at the Lyric Hammer-smith comes from Paris and the elegant, bleached school of Yasmina Reza. Though this is not another "Art," it shares in Jeremy Sarns's translation an air of high chic and low cunning. The tale is of industrial espionage and, as the title might suggest, the gap between well-laid plans and unforeseen emotional and professional happenings. Thierry Harcourt's staging is as chic as a cover of Parisian Vogue and also, as I have always found Reza, curiously devoid of any real feeling. The result is much like a French film of 40 years ago, elegant and somehow empty and minimalist, all style and precious little content except that which is insufferably precious itself.

CROSSWORD

ACROSS

- Stamp apparatus
- Macbeth, for one
- Gap, concerned with genealogy
- Fencing action
- Mirage, maybe
- Do, so to speak
- Maces?
- How most goods must be ordered by mail
- Ivan and Nicholas
- Tom Jones's love, in "Tom Jones"
- Milk dispenser
- Grayish-tan
- Empty stomach
- Saharan
- Be an A-one scout?
- Doleful (out)
- What turns 19 into 21?
- Office messages
- Kind of shock
- Spain's Princess
- "The Olive Comedy" poet
- Patrick Ewing and Walt Frazier?
- Animated character
- Cleric, e.g., on "Bewitched"
- Linguini, for instance
- It does blowups
- Some guitars
- Feature of many letters
- Latish lunchtime
- Toured Great Britain extensively?
- When Thanksgiving is celebrated in Can.
- Taken for granted
- Wicklow twig
- Parisian possessive
- Ohio, e.g.
- Related

DOWN

- Type
- Resident of St. Mary's
- Clever seamstress?
- Benedict
- "Get clean" program
- Alarm
- "2001" computer
- Temple sch.
- Parapoints
- Classic gas brand
- Nymph loved by Apollo
- Ancient Rome's
- Household pest
- Schlepp
- Shunk
- David
- Nabisco treat
- Word on all U.S. coins
- Flock members
- Picks up
- Egyptian boy
- LSO
- Lingerie material
- Gymnast's goal
- Fastener
- Rope-tying exhibition?
- Harrow's rival
- Monthly check
- Dr.'s org.
- Bomb sound
- Subtlety
- Map features
- Ancient Palestinian
- Submachine gun
- Lingo
- E.R. helps
- Till
- Ingrid's role in "Casablanca"
- Perón of Argentina
- Like April weather
- Nancy Drew's boyfriend
- Not like April weather

Solution to Puzzle of July 14

ESTOPS FROM OOD
RAHRAH OONA VJA
SHORTENED STREET
ELM CRIME AORTA
PARTIAL
PARISHANPHRONOUN
SLASH AJAR CHU
YODA GASSY SCUT
CHA OLLA COURT
HARFULTIGHTRAY
AFT BAAS
ASPIC WHELP SRO
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THE INTERMARKET Starts on Page 4

WEDNESDAY, JULY 15, 1998

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Lloyd's 'Names' Battle To Stem Corporate Tide

New Investors Transform Insurance Market

By Tom Buerkle
International Herald Tribune

LONDON — When they were admitted four years ago, corporate investors were regarded as the saviors of Lloyd's of London. They were to sit comfortably beside the thousands of private individuals who had supported the insurance market for more than 300 years with their own wealth and personal assets.

But today those corporate investors exercise increasing dominance and are on the cusp of seizing permanent control of Lloyd's from the "Names," as the individual investors are known.

In a two-month series of auctions that began Tuesday they are seeking to buy out many of the remaining Names, marginalizing them to the point of near extinction with a powerful inflow of investment.

The shift has inspired an emotional and acrimonious debate over the future of Lloyd's, pitting corporate arguments of efficiency and global competitiveness against the Names' appeal to tradition and accusations of corporate greed and conflict of interest.

"There's a historic shift taking place," said Graham McKean, a long-standing Name at Lloyd's who is also chairman of the insurance brokerage Ballantyne McKean & Sullivan Ltd.

Mr. McKean worries that the growing control by corporations with their tendency for top-heavy management could damage Lloyd's by stifling the underwriting innovation that has always been the market's hallmark. But he said, "the forces against Names are now very strong."

Lloyd's currently has 155 underwriting syndicates, mainly smaller operations specializing in everything from ship and aircraft insurance to general liability coverage for industrial companies. Traditionally, those syndicates have relied for funding on Lloyd's annual capital-raising venture, whereby Names can join, renew or terminate their backing for individual syndicates each year.

The Names, who range from small-

business owners to aristocrats, pledge their homes, their farms and other assets as collateral to cover any losses.

It has been that way since merchants and shipowners first gathered at Edward Lloyd's coffee house in 1688 to insure cargoes in England's fast-growing spice trade. But Robert Hiscox, a veteran underwriter and former deputy chairman of Lloyd's who has been in the corporate vanguard since floating his business on the stock market as Hiscox PLC in 1993, says the whole setup is an expensive, cumbersome relic of 19th-century capitalism that could die out in as little as three years.

"It's like fighting with bows and arrows against rifles," he said.

Unlike corporate vehicles that operate with permanent capital paid in by shareholders, Mr. Hiscox said, traditional syndicates find it hard to compete in today's global market because Names invest little cash in the business, promising merely to cover losses.

The reliance on individual investors — Mr. Hiscox's syndicate at Lloyd's has 6,000 Names — also imposes heavy administrative and regulatory costs. A.M. Best, the U.S. rating agency, estimated those costs at about \$300 million (\$183 million) a year for all of Lloyd's, nearly a third of the market's latest profits.

"Our business is being eroded by insurance and reinsurance giants that have been established over the past 10 years," said John Chapman, managing director of the Lloyd's underwriter Tarquin PLC. "If we do not react positively and quickly, the ground will be taken out from under us."

Mr. Chapman sold Tarquin last week to ACE Ltd., a big Bermuda-based liability insurer, for \$586 million in shares. He predicted that within a few years' time, the market would condense to no more than 20 large corporate players offering a full range of insurance products.

ACE now controls 9 percent of

See LLOYD'S, Page 17



General Motors workers on strike in Flint, Michigan, waving at motorists to gain their support, while other strikers, right, march in front of the plant.

The Stakes Rise for Both Sides in GM Strike

By Keith Bradsher
New York Times Service

FLINT, Michigan — It began almost six weeks ago as a simple strike at a single General Motors factory over how modern-day workers should build fenders and hoods.

But like a feud between two neighborhood toughs during each other with escalating taunts, the dispute between GM and the United Automobile Workers union has grown so big, complicated and destructive that a solution now seems more elusive than ever.

The strike has forced GM to lay off 162,000 workers across North America and close 26 of 29 assembly plants. Any hope of resolving it soon was dealt a big

setback this weekend when both sides threw up their hands in frustration.

The strike also has laid bare some emotional issues for UAW workers about their job security and a steady resolve by the world's largest automaker to fracture, once and for all, the union's insistence on a relationship that GM says threatens its competitiveness. Both sides have invested too much in the strike to accept defeat.

"Looking at it in actual dollar terms, it's hard to justify, but our long-term viability is on the line," Donald Hackworth, GM's group vice president for North American car operations, said Monday night in a recorded strike-up-date telephone message for workers, investors and the press that suggested an end would not come soon. "We continue to lag behind the competition — as they continue to get better, our volumes continue to shrink."

[On Tuesday, the company reported that its earnings tumbled 81 percent in the second quarter, hurt by the walkouts

that have crippled its North American operations, Reuters reported.

GM said it would scrutinize \$21 billion in planned capital investments in the United States through 2001 and consider delays in certain development and manufacturing projects, said Gerry Holmes, spokesman for GM's North American operations, according to Agence France-Presse.

[At the same time, GM said it had asked a federal court to declare the strike illegal, in order to get striking workers to return to their jobs and to take part in immediate arbitration.] Each side has repeatedly tried to force the other to back down by escalating the struggle — and in the process has introduced new issues that are not even part of the original dispute.

GM and the union have been willing to escalate the dispute partly because of a combustible combination of huge cash reserves, which have given them the confidence that they can stand a fairly long strike, and a desire by GM ex-

ecutives to stand fast.

The UAW has a strike fund of \$725 million and is only spending about \$3 million a week for strike benefits and health insurance for the 9,200 striking workers and a few laid-off workers who appear ineligible for unemployment compensation.

GM had \$13.6 billion in cash at the end of the first quarter, and has probably spent no more than half of it so far.

GM has been fighting for years to reduce costs. But its struggle has grown more intense because of steady cost reductions at Ford Motor Co. and Chrysler Corp., as well as at foreign rivals.

Record profits at cross-town rivals in Detroit, combined with Chrysler's pending merger with Daimler-Benz AG of Germany, have put pressure on GM to eliminate a succession of factory-level agreements over the years that have allowed some employees to stop

See GM, Page 17

High-Tech Team Quits Deutsche Bank

By John Schmid
International Herald Tribune

FRANKFURT — Deutsche Bank AG, still reeling from the defection of its three top Silicon Valley investment bankers, suffered an even more staggering blow on Tuesday with the mass exodus of virtually the entire high-technology investment banking team.

Credit Suisse First Boston, the investment banking unit of the rival Credit Suisse Group, announced that it had hired 132 staff from Deutsche Bank's Technology Group, which amounts to 95 percent of the whole Menlo Park, California, operation.

The latest hires had been expected following the announcement two weeks

ago that Frank Quattrone, George Borrows and Bill Brady — the stars of the bank's prized technology team — left Deutsche Bank to join CSFB.

Because Deutsche Bank specifically targeted high technology as an vital sector to compete for investment banking deals, the brain drain has been "painful" to the German bank, in the words last weekend of Deutsche Bank chief executive Rolf Breuer.

"Since technology was one of linchpins of their expansion in the U.S. and internationally, it has to be regarded as a major setback," said Matthew Czeplewicz, banking industry analyst in London at Salomon Smith Barney. The latest departures follow a spate of other resignations by top financiers this

year that have thwarted Deutsche Bank's already stumbling efforts to break into the top leagues of firms that compete for juicy international deals.

"It was the highest profile defection, but only the most recent one," said Mr. Czeplewicz.

At its headquarters in Frankfurt, Deutsche Bank confirmed the loss of staff but declined to comment.

On Friday, Mr. Breuer said: "We must close this hole" in the investment banking division.

The bank's self-acknowledged "weaknesses" have stoked long-lingering speculation that it might be among the next of the world's financial giants to announce a big-bang merger with a Wall Street investment house.

C&W Seen Buying Entire MCI Net Unit

By Mike Mills
Washington Post Service

MCI Communications Corp. is expected to announce in the next few days that it will sell all of its Internet assets to Cable & Wireless PLC, the British telecommunications company, for about \$2 billion, according to sources close to the negotiations.

The deal is expected to be followed by Justice Department approval of the planned \$37 billion acquisition of MCI by WorldCom Inc., the sources said Tuesday. That deal is also subject to approval by the Federal Communications Commission, which plans to act by the end of August, agency sources have said.

MCI and WorldCom agreed to sell MCI's Internet holdings to address concerns by U.S. and European regulators that the combined company would un-

fairly control traffic on the Internet.

Spokesmen at MCI, WorldCom, Cable & Wireless and the Justice Department declined to comment on reports of the impending deal and the merger's approval.

MCI, based in Washington, was one of a handful of companies that created and controlled most of the Internet's backbone: communications lines and switches. WorldCom, through its recent purchase of MFS Communications Co., also became owner of another key Internet company, UUNET Technologies Inc.

Critics of the WorldCom-MCI deal, including GTE Corp., said that together the two would have controlled more than half of all Internet traffic.

Cable & Wireless earlier had agreed to buy MCI's Internet switching and routing equipment, along with its wholesale Internet service, for \$625

million. But the European Union had said the sale did not go far enough in relieving regulators' concerns about the WorldCom deal. MCI then agreed to also sell its thousands of residential and business Internet customers in return for European approval.

Selling to Cable & Wireless appealed to European regulators, sources said, because it would create a major European competitor for Internet traffic.

Analysts generally said Cable & Wireless would be paying a fair price for the assets. "If it's 2 billion bucks, that's not a bad thing," said Charles DiSanzo of Gerard Klauer Mattison & Co., an institutional brokerage firm in New York. He also said MCI and WorldCom would not be harmed by the sale.

MCI stock was up \$2.50 at \$64.50 in late trading. Cable & Wireless closed at 809 pence, up 21 pence, in London.

CURRENCY & INTEREST RATES

Cross Rates									
	£	DM	FF	Yen	DM	FF	Yen	DM	FF
American dollar	1.2225	1.2225	1.2225	1.2225	1.2225	1.2225	1.2225	1.2225	1.2225
British pound	78.85	78.85	78.85	78.85	78.85	78.85	78.85	78.85	78.85
French franc	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82
German mark	1.437	1.437	1.437	1.437	1.437	1.437	1.437	1.437	1.437
Japanese yen	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00	102.00
Swiss franc	1.7645	1.7645	1.7645	1.7645	1.7645	1.7645	1.7645	1.7645	1.7645
Other Dollar Values									
Argentine peso	0.9999								
Australian dollar	1.2116								
Canadian dollar	1.2116								
Chinese yuan	8.2793								
Costa Rican colón	22.24								
Czech koruna	20.366								
Danish krone	6.46								
East German mark	1.0000								
European unit of account	1.3360								
Finland mark	5.9457								

Source: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Deutsche Bank, Citicorp, and others. All rates are for 100 units of foreign currency per U.S. dollar. DM = Deutsche Mark; FF = French Franc; Yen = Japanese Yen.

Other Dollar Values: Argentine peso 0.9999; Australian dollar 1.2116; Canadian dollar 1.2116; Chinese yuan 8.2793; Costa Rican colón 22.24; Czech koruna 20.366; Danish krone 6.46; East German mark 1.0000; European unit of account 1.3360; Finland mark 5.9457.

Forward Rates: 30-day 1.2225; 60-day 1.2225; 90-day 1.2225; 120-day 1.2225; 150-day 1.2225; 180-day 1.2225; 210-day 1.2225; 240-day 1.2225; 270-day 1.2225; 300-day 1.2225; 330-day 1.2225; 360-day 1.2225.

Source: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Deutsche Bank, Citicorp, and others. All rates are for 100 units of foreign currency per U.S. dollar. DM = Deutsche Mark; FF = French Franc; Yen = Japanese Yen.

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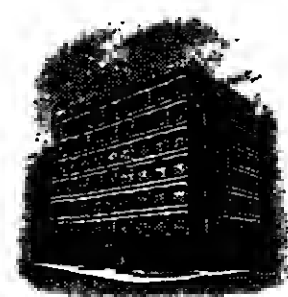
Source: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Deutsche Bank, Citicorp, and others. All rates are for 100 units of foreign currency per U.S. dollar. DM = Deutsche Mark; FF = French Franc; Yen = Japanese Yen.

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Global Private Banking

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Headquarters of Republic National Bank of New York (United Nations Plaza)

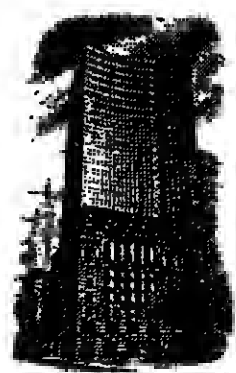
In private banking, as in every business, there are short cuts.

For example, it may make sense to some banks to offer "standardized" service that meets the needs of one and all. More or less.

At Republic we prefer to custom-tailor our services. We assume that no two clients are exactly alike — and careful listening invariably proves us right.

It is why your Republic Account Officer makes sure to obtain a precise picture of your financial goals, time frame, risk acceptance and other key factors. He keeps these constantly in mind as he looks after your interests.

So year after year, you can count on us for the exceptionally complete, timely and personalized service that makes Republic truly unique.



World Headquarters of Republic National Bank of New York in New York



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Moscow • Nassau • Paris • Punta del Este • Rio de Janeiro • Santiago • Sao Paulo • Singapore • Sydney • Taipei • Tokyo • Toronto • Zurich

Republic National Bank of New York, Inc.

EUROPE

KLM Sees Profit Gain
And Seeks Asian Allies

Reuters

BOMBAY — KLM Royal Dutch Airlines NV said Tuesday that it expected to post double-digit growth in operating profit despite reduced revenue from economically battered Asia, where it said it was seeking partners.

"It depends a bit on how the situation in Japan will develop further," said Leo van Wijk, president and chief executive of KLM. "If it does not become worse than at this particular moment, we do not see such an impact on our results" for the current fiscal year, which ends next March.

Mr. van Wijk said the airline was restructuring its operations, with a focus on the addition of profits from the Martinair subsidiary to KLM's bottom line would offset the ill effects of the Asian crisis.

"Because of these four elements we expect to see double-digit growth," he said. "If we did not

have the Asian situation, we would have expected tremendous growth in operating income."

KLM had operating profit of 811 million guilders (\$398.9 million) in the last financial year after a 181-million guilders loss the previous year. Mr. van Wijk's comments lifted the price of KLM shares in Amsterdam, where they rose 5.90 guilders, to 94.5.

Mr. van Wijk, who was in India, said he was interested in links with other airlines in the Asia-Pacific region and was discussing a partnership with Cathay Pacific Airways Ltd., which is based in Hong Kong.

"We have had discussions with Cathay, but they have been talking to other potential partners as well," he said. "They have made it clear that they are in the process of making up their minds, trying to cope with the local situation first — the opening of the new airport being the first priority — and later this year they'll try to sort out the issue of partnership."

Another carrier that is talking to KLM is the financially troubled Garuda Indonesian Airways, according to a Garuda executive. Mr. van Wijk declined to comment on what sort of pact the Indonesian carrier was seeking. In Asia, KLM already has alliances with Malaysia Airlines and Japan Air System.

Prague Intervenes
To Halt Koruna

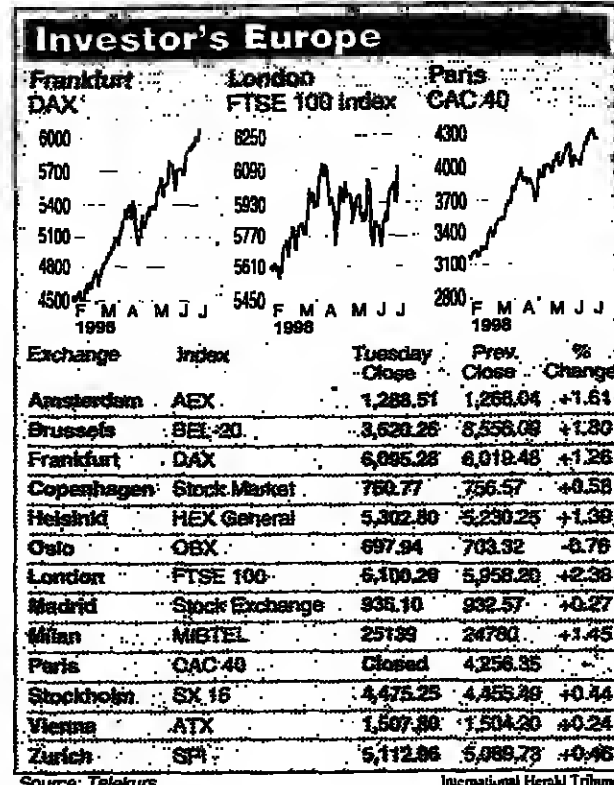
Reuters

PRAGUE — The Czech central bank said Tuesday it decided to intervene to halt the rise of the koruna because a recent strengthening of the currency posed a risk to medium-term sustainability of economic growth and could threaten inflation targets.

Dealers said the bank sold koruny, driving the Deutsche mark up to 17.90 koruny from 17.60 before the intervention.

The koruna has been strengthening throughout the year on the back of high interest rate differentials with other countries. It rose strongly on Monday, along with other currencies, after Russia reached a new deal with international lenders.

The dollar was quoted Tuesday at 32.24 koruny, down from 32.62 koruny on Monday. The central bank last intervened on March 31.



Very briefly:

• Snicker-Helding AG, the Swiss industrial group, is buying the Enghart subsidiary of Black & Decker Corp. of the United States for \$194 million.

• Finnair and Maersk Air won the blessing of the European Commission to form an alliance. The commission said the alliance would reduce the dominance of Scandinavian Airlines System on the Copenhagen-Stockholm route. The European Union's antitrust watchdog also noted that the alliance had already resulted in lower ticket prices.

• Henkel KGaA, Germany's fourth-largest chemicals company and a maker of consumer products, is entering the American cosmetics market by buying DEP Corp., an American marketer of hair gels, for \$93 million in cash and assumed debt.

• Volkswagen AG's Spanish subsidiary, SEAT, expects to report record profits for the year. Worldwide deliveries rose 18.2 percent in the first half, with sales records set in 13 countries.

• British Airways PLC expects losses from European operations to narrow this year from the level of last year, the annual meeting was told.

• Internet service providers from across Europe plan to draft a code of conduct next week in Brussels, dealing with such issues as protecting children from harmful on-line content.

• Moldova's country ceiling for bonds and notes was downgraded by Moody's Investors Service Inc. to B2 from Ba2. The ceiling for foreign currency bank deposits was downgraded to B3 from Ba3.

• Koc Holding, Turkey's largest holding company, canceled the sale of 10 percent of the company to institutional investors outside Turkey because the offered prices were too low.

• Britain's most closely watched measure of inflation accelerated less than expected last month, amid signs a 14-month climb in interest rates may be over and might get into reverse before the end of the year.

Euphoria Lifts Russian Markets

IMF-Led Loans Ease Investors' Fears and Send Stocks Soaring

Bloomberg News

MOSCOW — Russian stocks and bonds soared Tuesday after the promise of \$22.6 billion in loans led by the International Monetary Fund eased investors' concern that Russia could default on its debt or be forced to devalue the ruble.

The benchmark Russian Trading System stock index rose by 26.45 points to 183.65, or 16.83 percent, its biggest one-day gain, while Treasury bills reversed a month's losses in a single day, pushing yields down as much as 71 percentage points.

"Russia looks extremely appealing," said Gavin Rankin, chief investment officer at Troika Dialog Asset Management in Moscow.

On Monday, the announcement represented a massive boost of

confidence in Russia and a firm level of support for the plans of the current government."

The IMF-led loans, which still must be approved by the Fund's board Monday, would give Russia \$14.8 billion this year and \$7.8 billion next year. It relieves the government's weekly scramble to raise cash to cover more than \$1 billion in debt payments and gives Russia time to improve tax collection, work out how to pay months of overdue wages to workers, and narrow its budget deficit.

"What's so good about this is it takes the pressure off and Russia can trade on its own fundamentals," said Bill Browder, a manager at the Hermitage Russia Fund. "The problem we were faced with for the past eight months is it almost didn't matter what happened in Russia. Because

of this massive debt burden that had to be refinanced on a weekly basis, we had to watch every development in other markets."

News of the loans, which also would come from the World Bank and Japan, pushed stocks, bonds and the currencies higher in Hungary, Poland and the Czech Republic. Russia's traditional trading partners. The Czech and Polish central banks both sold their currencies to slow the appreciation.

For Russia to win approval of the loans by the IMF's board on Monday, the government must convince the Parliament to pass its program of tax policy changes and spending cuts. The lower house of Parliament, the State Duma, meets Wednesday and Thursday before its recess, and will consider the remaining 27 bills included in the government's program.

Arabs Move to Form a Single Financial Market

Reuters

TUNIS — The exchanges of the Arab world said Tuesday they wanted to forge links with one another to establish a single financial market.

The Union of Arab Stock Exchanges, which ended its annual meeting last weekend in Tunis, said that better connections were necessary in view of the liberalization of international trade in services, and to

boost investment in Arab equities.

The plan included creating a data network and sophisticated communications between these markets and international financial markets, it added.

The exchanges said they supported a project for a central depository body for Arab stocks in Beirut. The goal was to set up a network by 2001, Saafat Al-Khalabi, secretary-general of the Arab organiza-

tion, said.

Mr. Al-Khalabi said the union was now looking at the results of a cross-listing experiment started last year by the Egyptian, Kuwaiti and Lebanese stock exchanges.

The number of listed firms in the nine main Arab exchanges rose to 1,184 in 1997 from 1,091 in 1996, statistics showed. Market capitalization was \$145.6 billion, up from \$107.8 billion, while volume rose to

\$63.9 billion from \$30.5 billion.

Of the total market capitalization in 1997, Saudi Arabia accounted for 40.8 percent, Kuwait for 18.7 percent, Egypt for 14.3 percent, Morocco for 8.4 percent, Bahrain for 5.4 percent, Oman for 5 percent, Jordan for 3.8 percent, Lebanon for 2 percent and Tunisia for 1.6 percent. The Arab Monetary Fund index for the nine bourses rose 15.4 percent in 1997 compared to 1996.

South Africa 'on the Right Track,' Rubin Says

Compiled by Our Staff From Dispatches

JOHANNESBURG — U.S. Treasury Secretary Robert Rubin endorsed South Africa's economic policies on Tuesday, while urging the government to make its labor markets more flexible to promote growth following the depreciation of the currency.

South Africa's policies of reducing the budget deficit and inflation and selling state assets are "on the right track," Mr. Rubin said in remarks prepared for delivery at Vista University in Soweto.

Still, he called for the government to make labor markets more flexible, while protecting the interests of workers. With interest rates rising and economists scaling back their growth forecasts, there is concern that unemployment

is likely to rise in coming months.

"There are never any easy answers, but it is important that labor policies and practices pay attention to those who seek jobs as well as to those who have them," Mr. Rubin said.

The labor minister, Tito Mboweni, will leave his post at the end of this week to spend a year preparing to replace the central bank governor, Chris Stals, in August 1999.

Mr. Rubin, in response to questions, declined to comment on whether he thought the country's currency, the rand, was properly valued. Amid speculative attacks, the rand lost about a quarter of its value from May 1 through July 6, when the dollar rose to a high of 6.80 rand. The dollar traded at 6.0755 rand on Tuesday.

When asked whether the United States would

intervene to help the rand in the same way it has at times supported the Japanese yen, Mr. Rubin said, "That is not a subject that comes up."

The rattled South African financial markets enjoyed a second day of stability on Tuesday, lifted by the stronger rand. They were also helped by the IMF lifeline extended to the ailing economy of Russia, a move that raised confidence in other battle-scarred emerging markets. The All Share stock index closed up 81.79 points, or 1.15 percent, at 7,164.49. Bond prices also rose.

"Everything is working in tandem. With the stronger rand and long bonds today, there's been a lot of interest on our side this afternoon," a stockbroker said. (Bloomberg/Reuters)

WORLD STOCK MARKETS

Tuesday, July 14

Daily prices in local currencies.

Futures

High Low Close Prev.

Amsterdam

AEX Index: 328.51

Prev: 328.44

ABN-AMRO

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High Low Close Prev.

Copenhagen

Stock Index: 7,077

Prev: 7,077

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12 Month		Stock	Div	Yld	PE	52s		Low	Latest	Change
High	Low					100s	High			

Continued on Page 18

CA

ASIA/PACIFIC

Thousands Go on Strike Over Korean Job Losses

SEUL — Tens of thousands of South Korean workers downed their tools Tuesday in a protest against wage cuts and layoffs, bringing key industries to a halt.

An official with the Korean Metal Workers Federation, which has called a two-day strike, said 57,000 workers joined the action and another 13,000 were due to join on Wednesday.

The strikes and a wave of rallies went ahead peacefully despite the government's warnings that it would crack down on illegal stoppages, which could undermine Seoul's economic recovery.

Unions of Daewoo shipyard, Korea Heavy Industries & Construction Corp. and several others will join the protest tomorrow, Sim Sang Jeung, deputy secretary general at the federation, said.

The militant union umbrella group, Korean Confederation of Trade Unions, said the strikers would number more than 146,000 by Wednesday.

Major work sites already left included the automakers Hyundai Motor Co. and Daewoo Motor Co. and many makers of car parts, according to the federation.

The Labor Ministry put the number of workers striking in sympathy with the federation at 33,900, but a ministry official said the number would increase slightly if workers already on strike because of other issues were included.

The two-day industrial action was called to demand an immediate stop to what the federation said were illegal practices being committed by employers, such as unilateral wage cuts and layoffs.

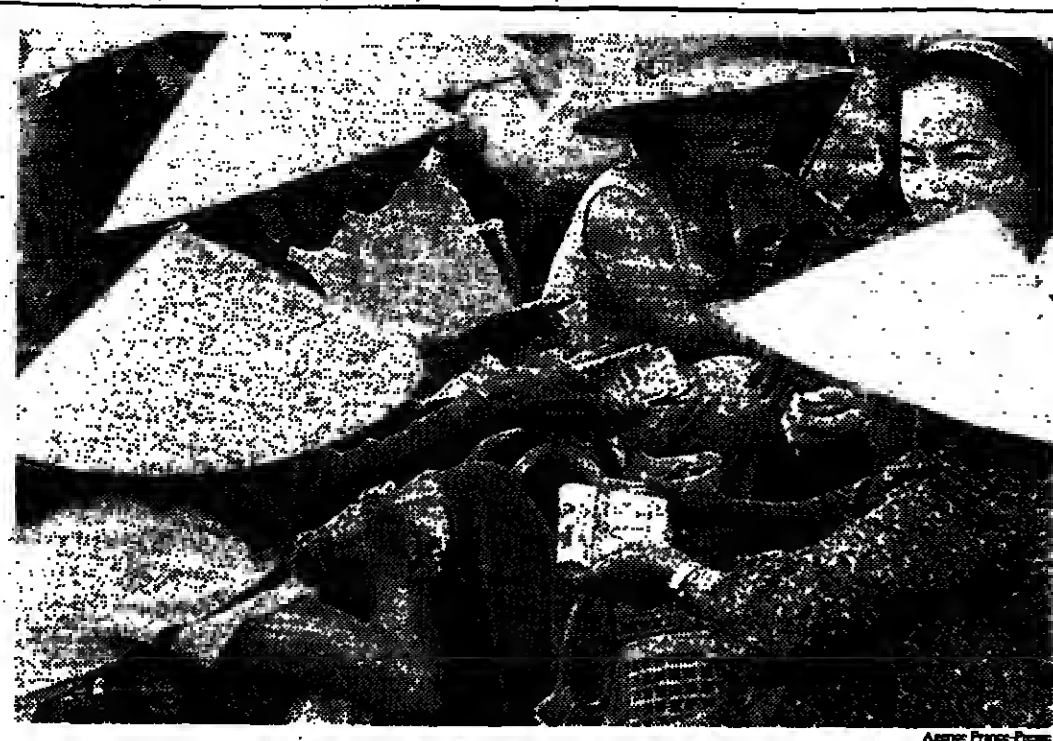
Workers have also asked that the government consult more with labor before deciding on major restructuring steps, the federation said. (Reuters, APF)

Pohang Profit Rises 26.5%

Pohang Iron & Steel Co., the world's second-largest steel producer, said that profit grew by a better-than-expected 26.5 percent in the first half of the year because of higher domestic steel prices and foreign-currency gains, Bloomberg News reported.

Pohang, as the state-owned company is known, will be unable to sustain such profit growth because of production cuts and slumping demand from Asian economies facing their deepest recessions in decades. Its costs are already rising as stocks of imported raw materials need to be replenished.

The company earned 687 billion won (\$524 million) in the six months ended in June, up from 543 billion won a year earlier, said a Pohang executive who asked not to be named. The company's first-half sales rose 29.3 percent from a year ago, to 5.87 trillion won.



CASH CRISIS — Women at the Central Market in Hue, in central Vietnam, counting wads of money. The country's currency has lost value, with the dollar rising to about 13,000 dong.

Vietnam to Open 2 Stock Markets

Agence France-Presse

HANOI — Vietnam plans to open its first stock and securities market in Ho Chi Minh City in October, to be followed by another in Hanoi at an unspecified date, an official from the State Securities Committee said Tuesday.

A government decree said the securities trading center would deal in shares, bonds, certificates of investment funds and other types of securities.

The decree signed by Prime Minister Phan Van Khai gave few details but said the aim was to mobilize long-term local and foreign capital for Vietnamese enterprises as the country continues to open up its economy.

It said the minimum chartered capital of listed companies must not be less than 10 billion dong (\$769,000), and business operations must have been profitable in the previous two years.

The plan to open the markets illustrates the communist government's willingness to embrace the ultimate symbol of capitalism, but observers say it has taken a long time to materialize because of slow preparations.

They said the plans to open the Ho Chi Minh City center in October and the one in Hanoi later could still be subject to delays.

The decree said at least 20 percent of share capital of the issuing organization must be sold to more

than 100 investors outside that organization.

The term securities trading center was preferred because initially the operations are expected to be small, according to Dominic Scriven, managing director of Dragon Capital in Ho Chi Minh City.

The centers are expected to generate much-needed funds and facilitate the government's privatization plans.

Vietnam has seen a mere 30 state companies out of a total of 6,000 privatized since 1992.

The government had announced that it would privatize as many as 200 state companies this year, but in the first six months only 11 were sold off.

Toshiba and Time Warner to Make Films

Compiled by Our Staff From Dispatchers

TOKYO — Toshiba Corp., Time Warner Inc. and Nippon Television Network Inc. said Tuesday they would form a joint venture to produce and distribute Japanese programming for the domestic and world markets.

The joint venture, Towani Corp., will start business at the end of July, with capital of 300 million yen (\$2.1 million). Time Warner and Nippon Television will each own 33.3 percent of Towani, and Toshiba 23.3 percent.

The three companies hope Towani will start making one or two movies a year from the year 2000.

"We have to start serving the Japanese market with the kind of films they want to see," said Richard Fox, executive vice president of Warner Bros., part of Time Warner.

Towani's movies will be aimed at markets worldwide, and the company will raise money on a project-by-project basis, the companies said.

For Toshiba, which has concentrated on making audiovisual hardware, this is part of a plan to expand gradually into program content creation.

"We want to become a service provider in the broadest meaning of the word," said Toshiba's

president, Taizo Nishimuro. "In the future we don't want to be just a hardware-maker."

He said the venture "is one step towards making Toshiba strong in software."

Toshiba's first move into the broadcasting industry came in April, when it and seven other Japanese companies, including Toyota Motor Corp. and Fujitsu Ltd., announced a joint venture to beam digital satellite broadcasts to motor vehicles in Japan by 2001.

Toshiba shares rose 21 yen to 564. Tokyo-based Nippon Television shares rose 1,000 yen to 43,900. (Bloomberg, APF)

Bank Chiefs Urge Change As Japanese Offer Pledges

Compiled by Our Staff From Dispatchers

TOKYO — International pressure on Japan to take decisive measures to solve its economic woes grew on Tuesday, with central bankers and business leaders around the world joining the call.

Various Japanese officials, meanwhile, said measures would be taken to reduce taxes and shore up the country's banking system, but they offered few specifics.

Hans Tietmeyer, president of the German Central Bank, said any delay in taking firm measures would "undermine confidence and be risky for development in the international markets." Mr. Tietmeyer was in Tokyo for a meeting of central bank chiefs from 30 countries.

"We should not underestimate the importance of Japan to the world economy," he said.

The head of the Japanese government tax reform panel, Hiroshi Kato, said income and corporate taxes should be cut by as much as 6 trillion yen (\$42.5 billion) next year to turn around the economy.

But any efforts to prime the economy have been stalled for the moment by the resignation of Prime Minister Ryutaro Hashimoto on Monday, after his party suffered a setback in voting for the upper house of the Diet.

Satoru Kishi, the chairman of the Federation of Bankers' Associations of Japan, said stabilizing the banking system would be a priority of the government.

The chairman of the U.S. Federal Reserve Board, Alan Greenspan, urged Japan to tackle that problem quickly, according to a Japanese Finance Ministry official who was present at a meeting between Mr. Greenspan and Finance Minister Hikaru Matsunaga of Japan.

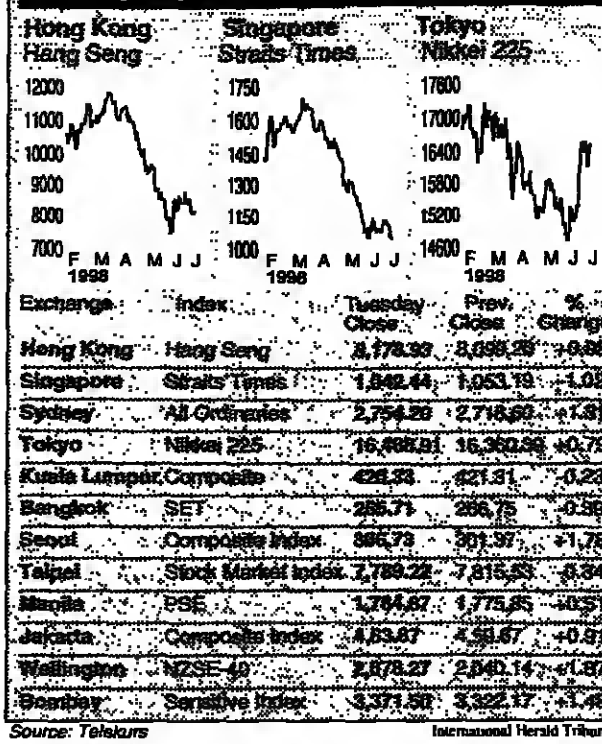
Mr. Greenspan made no request for specific measures, nor did the two discuss specific banks, said the official, who asked not to be named.

Japanese banks are saddled with more than \$340 billion in bad loans, making them reluctant to extend fresh loans and hampering the nation's economic recovery.

The Japanese stock market and the yen have risen, however, since the resignation of Mr. Hashimoto as investors hope a new regime will take action on the economy.

Business leaders are urging that the government not miss a chance to make a change. The president of Toyota Motor Corp., Hiroshi Okuda, said he hoped for quicker action to bolster the economy by the new leadership. "The best thing they could do is speed things up," he said. (Reuters, Bloomberg, AP)

Investor's Asia



Very briefly:

Indonesia's attorney general has barred Mohammed (Bob) Hasan, a close associate of former President Suharto, from traveling abroad while an investigation into corruption during Mr. Suharto's regime proceeds.

Sony Corp. has set up a wholly owned subsidiary, Sony Broadcast Media Co., in Japan to oversee its broadcasting operations.

Technology Resources Industries Bhd., Malaysia's largest cellular phone company, offered to buy cash-strapped rival Time Telecommunications Holdings Bhd. for about 2.5 billion ringgit (\$590 million) in assumed debt, according to two executives familiar with the proposal.

Nippon Telegraph & Telephone Corp. said the ntt.com unit of its NTT America Inc. subsidiary has applied to the Federal Communications Commission to provide facilities-based telecom services between the United States and Japan.

China, faced with rising unemployment, is offering tax breaks for laid-off workers who start their own businesses, the official Xinhua news agency reported. The National Industrial and Commercial Bureau is waiving taxes and fees for the first year for such businesses, the agency said.

Matsushita Electric Industrial Co. has stopped making television sets and audio equipment at its plants in Costa Rica, Guatemala and El Salvador.

Hyundai Motor Co. plans to launch an economy car in India. Mong Gyn Chung, Hyundai chairman, told the Economic Times newspaper that pilot production of the Santro began in May.

Tokyo monthly rents for new offices declined 0.2 percent to 15,360 yen (\$109) per *tsubo* (3.3 square meters) in the April-to-June period from the previous quarter, according to Ikoma Data Service System Co., a private research company.

Bloomberg, Reuters, APF, AP, AFP

'Godzilla' Thrills Home Market

Bloomberg News

TOKYO — Sony Corp.'s "Godzilla" received a warm welcome home to Japan as just over half a million viewers paid to see the remodeled high-tech version of the 1955 classic on its opening weekend.

The film attracted an audience of 520,000, more than the 316,000 who turned out to see News Corp.'s "Titanic," though fewer than the record 762,000 for Seagram Co.'s "Lost World: Jurassic Park" last summer.

Masahiko Suzuki, a spokesman for Japan's biggest film distributor, Toho Co., said the movie would generate 5 billion yen (\$3.5 million) in revenue for the company by the time it closes in September, and draw 7 million viewers.

"Godzilla," which cost about \$200 million to produce and market in the United States, where it has been a box-office disappointment, has generated \$140 million in ticket sales there since its May 20 release, Mr. Suzuki said.

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South Korea: Unlikely Hint of Light in Asian Tunnel

By Philip Bowring
Special to the Herald Tribune

HONG KONG — Are a few of the blackest clouds over Asia beginning to clear?

South Korea might seem an unlikely place to look for early signs of a bottom that might slowly spread around the region.

Its economic forecasts are still being revised ever deeper into the red and labor unrest — including the general strike that began Tuesday — is a constant threat.

In addition, South Koreans are growing worried about the rising won, which will tend to make their crucial exports more expensive and thus less competitive. The won has advanced

in a matter of days from 1,400 to the dollar to 1,289 Tuesday.

The chief trade rival of the won, the Japanese yen, has meanwhile retreated amid political uncertainty.

Most remarkably, the gain in the won came despite a fall in interest rates, which has brought the three-year corporate-bond yield down from 18 percent to 14 percent over the past three months. It was also accompanied by an increase in government spending, which will result in a bigger budget deficit.

A few months ago, that would have sparked renewed weakness in the won. But perhaps markets are perceiving that a collapse in domestic demand is now a bigger danger to South Korea than

the level of external debt.

If interest rates can continue to fall gradually while currency stability is sustained, there is a reasonable prospect that the economy could bottom out by the end of the year.

This would allow consumer purchases and exports to stabilize demand, even if investment spending continued to decline into 1999.

If South Korea can move in this direction, other countries in the region are likely to feel more confident in shifting attention away from accumulating ever larger trade surpluses to providing fiscal stimulus and lower real interest rates.

There are still many doubts about South Korea. There have been other false dawns. The stock market has been unimpressed by the currency and

interest-rate moves. It sees them more as reflecting the dire condition of the economy than as signs of recovery.

Credit growth is weakening because inventories have been unwound and banks have become reluctant lenders.

South Korea is attracting some foreign direct investment, and debt-rescheduling has taken the pressure off short-term debt repayments. But reduction of overall corporate debt levels and bank restructuring have just begun.

What Asia most urgently needs is relief from pressure for absurdly high trade surpluses. Thanks to International Monetary Fund medicine, these surpluses are now running at double-digit percentages of gross domestic product. Despite the crisis in

Japan, Asian exports are not doing as badly as is sometimes reported when calculated in currencies other than a strong dollar.

The key to Asian stabilization is not export growth but a revival in domestic demand, and lower interest rates and fiscal stimulus — a reversal of last year's medicine — are the routes to it.

Inflation in South Korea and Thailand has risen sharply because of the currency devaluation last year, but will soon be back to the low single digits. Ideally, sound inflation should tumble as interest rates should, which will be difficult without risking another currency drop. But depression, not currency weakness, is now the main danger. If Japan is any guide, in-

vestors may prefer to gravitate toward countries with reviving domestic economies that can generate corporate profits rather than toward those with large, recession-driven trade surpluses. If that is the case, lower South Korean rates should stimulate investment.

Stimulus is needed throughout Asia. It may be that the conditions for it have been laid in South Korea.

LLOYD'S: Insurance Market's 'Names' Fight to Survive a Strong Corporate Tide

Continued from Page 13

Lloyd's underwriting capacity.

The current betting is that the Names' share of the £10 billion Lloyd's market will decline to around 25 percent next year from 40 percent currently.

But Names insist that they want a piece of the future action, something that was promised to them by Lloyd's executives a few years ago when the market was desperate to encourage their loyalty and persuade them to cover an unprecedented £8 billion in losses from the early 1990s.

"We have supported Lloyd's all along," said Rona Deives Broughton, head of the High Premium Group of Names that support at least £1 million worth of underwriting a year. "They have to take us with them."

The desire to stay may seem ironic given that hundreds of Names were forced into bankruptcy and thousands left the market after huge losses, but the Lloyd's formula can be extremely attractive. It allows the Names to participate with bank guarantees backed by illiquid assets like their homes,

rather than investing cash.

One unidentified Hiscox investor, for example, put up £130,000 to support underwriting premiums of £435,000 in 1995. Two weeks ago, that investor received a profit distribution of £74,871 — a return of 57 percent on the invested funds.

The Names also contend that the move to corporate structures creates an inherent bias against their interests,

transforming underwriting managers from fee-earning agents into share-owning principals.

"Personal enrichment is a factor in the present rush" to corporate capital, said Oliver Carruthers, another veteran name.

Mr. Charnam received more than \$100 million for his share in Tarquin, for example, while Mr. Hiscox owns more than 7 million Hiscox PLC shares

worth £17 million. Managers say the compensation is in line with other industries and is fair reward for their role in building the business.

Many of the members' agents who represent the Names at Lloyd's are seeking to preserve a role for them in the future, largely by structuring limited liability investment vehicles that retain many of the financial advantages of being a name. They regard

private investment and a diverse capital base as essential to preserving the features that make Lloyd's special, including the security of its policies and an underwriting culture that spurs innovation.

"It's like farmers and the land," John Barber, head of the members' agency Sedgwick Oakwood and a member of Lloyd's ruling council, said of the market. "You don't own it, you have tenancy of it."

GM: Stakes Get Larger for Both Sides as Impact of Strike Grows

Continued from Page 13

work early and have left GM with the highest labor costs in the industry.

Mr. Hackworth emphasized that GM is continuing to pursue a legal complaint accusing the UAW of using the parts factories to wage, in effect, a national strike. The union has denied this, but if GM wins an arbitration ruling, it could not only seek damages from the union but could also stop the union from launching similar crippling strikes in the future.

Legal experts gave GM little chance of success when it started the effort three weeks ago, but GM has pursued it anyway.

GM's biggest productivity problem lies in its auto parts factories, which

were also starved of investment during the 1980s.

Harbour & Associates, a manufacturing consulting firm in Troy, Michigan, has calculated that GM's average labor cost for the auto parts in each vehicle is \$2,765, compared with \$2,322 for Ford and \$2,167 for Chrysler. Ford and Chrysler buy a slightly higher proportion of their parts from outside suppliers that pay lower wages and also require fewer workers because they have invested in more modern equipment.

Because a strike at a crucial parts factory can shut down the company, GM has been leery until now of taking on the UAW. But under steady pressure from Wall Street, GM has become more willing to challenge the union.

Each side's sheer losses are now making it harder to compromise.

The strike has cost UAW workers about \$300 million in lost pay, although many workers are eligible for unemployment benefits equal to about a quarter of their usual compensation.

GM's losses have been heavier: 227,000 cars and light trucks not produced, with further production losses now rising at a rate of 21,000 a day, and an after-tax loss of \$1.18 billion, also rising now at a rate of \$75 million a day.

GM and the workers will recover half or more of their losses through extra production and overtime pay after the strike. But GM dealers are complaining that they may permanently lose customers who turn to other models.

الرياض 15

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

Year	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	

Tuesday's 4 P.M. Close

Low	Stack	Div	Vt	Pct	100	High	Low	High	Change
1894	Unifed	1.32	15	15	81	123	123	123	+10
1900	Unifed	1.32	15	15	81	123	123	123	+10
1901	Unifed	1.32	15	15	81	123	123	123	+10
1902	Unifed	1.32	15	15	81	123	123	123	+10
1903	Unifed	1.32	15	15	81	123	123	123	+10
1904	Unifed	1.32	15	15	81	123	123	123	+10
1905	Unifed	1.32	15	15	81	123	123	123	+10
1906	Unifed	1.32	15	15	81	123	123	123	+10
1907	Unifed	1.32	15	15	81	123	123	123	+10
1908	Unifed	1.32	15	15	81	123	123	123	+10
1909	Unifed	1.32	15	15	81	123	123	123	+10
1910	Unifed	1.32	15	15	81	123	123	123	+10
1911	Unifed	1.32	15	15	81	123	123	123	+10
1912	Unifed	1.32	15	15	81	123	123	123	+10
1913	Unifed	1.32	15	15	81	123	123	123	+10
1914	Unifed	1.32	15	15	81	123	123	123	+10
1915	Unifed	1.32	15	15	81	123	123	123	+10
1916	Unifed	1.32	15	15	81	123	123	123	+10
1917	Unifed	1.32	15	15	81	123	123	123	+10
1918	Unifed	1.32	15	15	81	123	123	123	+10
1919	Unifed	1.32	15	15	81	123	123	123	+10
1920	Unifed	1.32	15	15	81	123	123	123	+10
1921	Unifed	1.32	15	15	81	123	123	123	+10
1922	Unifed	1.32	15	15	81	123	123	123	+10
1923	Unifed	1.32	15	15	81	123	123	123	+10
1924	Unifed	1.32	15	15	81	123	123	123	+10
1925	Unifed	1.32	15	15	81	123	123	123	+10
1926	Unifed	1.32	15	15	81	123	123	123	+10
1927	Unifed	1.32	15	15	81	123	123	123	+10
1928	Unifed	1.32	15	15	81	123	123	123	+10
1929	Unifed	1.32	15	15	81	123	123	123	+10
1930	Unifed	1.32	15	15	81	123	123	123	+10
1931	Unifed	1.32	15	15	81	123	123	123	+10
1932	Unifed	1.32	15	15	81	123	123	123	+10
1933	Unifed	1.32	15	15	81	123	123	123	+10
1934	Unifed	1.32	15	15	81	123	123	123	+10
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1943	Unifed	1.32	15	15	81	123	123	123	+10
1944	Unifed	1.32	15	15	81	123	123	123	+10
1945	Unifed	1.32	15	15	81	123	123	123	+10
1946	Unifed	1.32	15	15	81	123	123	123	+10
1947	Unifed	1.32							

July 13, 1998

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SPORTS

History Denied for Yanks

Indian Victory Prevents 86-Game Record

The Associated Press

There is only one team that can hang with the Yankees lately. And it's the same one that ended New York's season last October.

The Cleveland Indians denied the Yankees a chance to make some history and snapped their 10-game winning streak on Monday night with a 4-1 victory at Jacobs Field.

Jim Thome hit his 24th homer and Jaret Wright, sporting a new dyed-blond hairdo, became the first pitcher to beat the Yankees twice this season.

Wright (9-5) became a postseason hero last fall when he defeated New

BASEBALL ROUNDUP

York twice in the AL division series. And with the teams seemingly on a collision course for this fall, the right-hander sounds as if he wouldn't mind another crack at the Bronx Bombers.

"Anybody can beat anybody three out of five or four out of seven," Wright said. "If they're there and we're there, it's going to be fun."

Wright allowed one run and eight hits in seven innings, walking two and striking out four.

Had the Yankees won, their 66-20 mark would have been the best 86-game record in the 20th century, one game better than that of Honus Wagner's 1902 Pittsburgh Pirates. As it stands, the Yankees and the 1902 Pirates are tied, along with the 1912 New York Giants.

Thome also tripled and scored two runs for the Indians, who are 3-3 versus the Yankees this season.

Orlando (El Duque) Hernandez (3-2) lost for the first time in three starts, allowing nine hits and a season-high four runs in 6 1/2 innings. It was the first loss by a Yankee starter in 16 games.

Red Sox 2, Devil Rays 0 Steve Avery (6-2) pitched Boston to its first victory since the All-Star break and handed host Tampa Bay its 11th straight loss.

Avery and three relievers combined on a seven-hitter. The Red Sox, coming off a four-game sweep at Baltimore, bounced back to hand Tampa Bay its third shutout in five games.

The Devil Rays have been shut out 13 times, most in the major leagues.

White Sox 5, Twins 2 In Chicago, Albert Belle hit two home runs, giving him six in his last five games for Chicago.

Belle connected for his 23d homer leading off the fourth inning. He hit his 24th, another solo shot, in the sixth.

Orioles 5, Blue Jays 0 In Baltimore, Nerio Rodriguez (1-2), a rookie, didn't allow a hit until the sixth inning, and Lenny Webster homered and drove in four runs as Baltimore stretched its winning streak to five. B. J. Surhoff went 3-for-4 with a homer for the Orioles.

Rodriguez retired the first 15 batters before Tony Fernandez lined an opposite-field single to left for his 2,000th career hit.

Royals 6, Tigers 4 In Detroit, Jeff Conine hit a two-run double with two outs in the 10th inning for Kansas City. Conine's double off Todd Jones (1-4) followed an intentional walk to Jeff King that put runners at first and second. Shane Mack followed with an RBI double to make it 6-3.

Mariners 10, Rangers 3 Edgar Martinez homered twice, and Ken Griffey Jr. made a spectacular catch with his back to home plate for host Seattle.

Martinez hit a three-run homer to cap a four-run first off Todd Van Poppel (1-2), and added a solo homer, his 17th, in the sixth. Griffey made a basket catch of Will Clark's towering fly ball while running toward the fence in the fifth.

Athletics 5, Angels 2 Mike Oquist (6-5) pitched seven strong innings and Kevin Mitchell hit a three-run homer for host Oakland.

Oquist, who won at Anaheim in his last start, allowed seven hits in seven innings. Bill Taylor pitched the ninth for his 20th save.

In the National League:

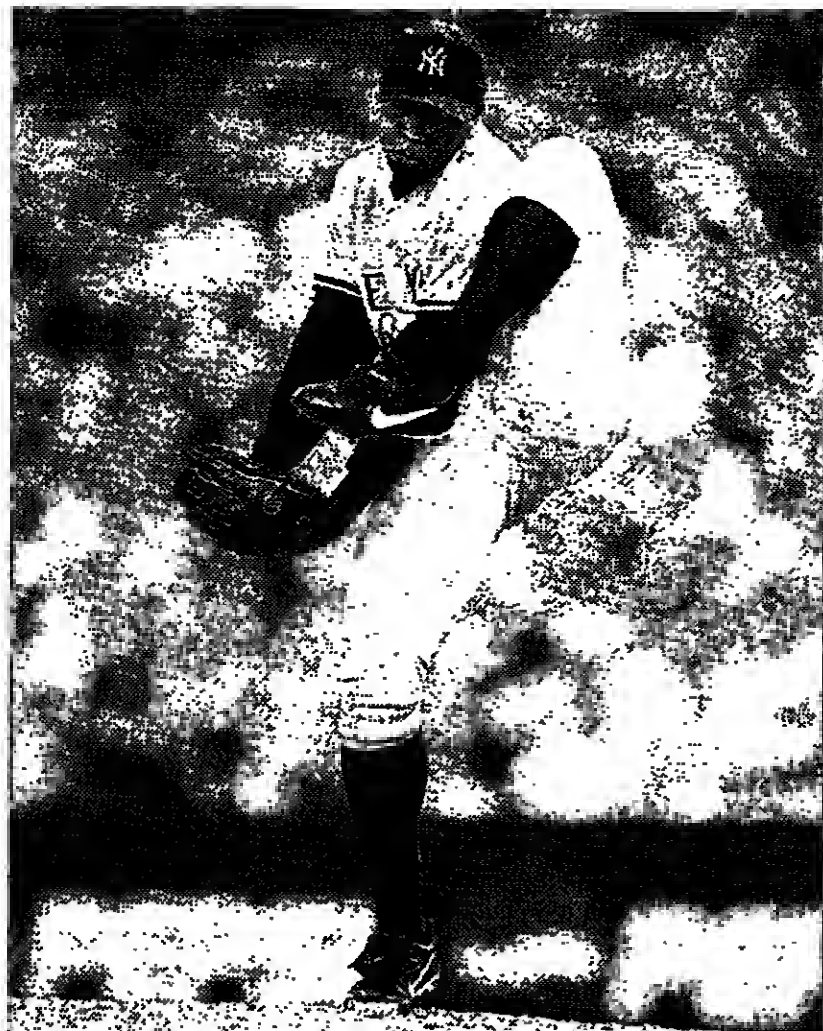
Reds 6, Cardinals 5 Edoardo Perez, Barry Larkin and the Cincinnati Reds still might make things interesting in the NL Central. Larkin drove in the tying run in the ninth inning, and Perez singled home the go-ahead run in the 13th as the Reds won their eighth straight game.

At 35-50 before the All-Star break, the Reds were just about out of the race. Now, they are at least within range at 11 1/2 games behind Houston.

Perez was placed on waivers last week, but the Reds withdrew them when no team claimed the son of Tony Perez, the former Cincinnati star.

Mark McGwire, who hit his 39th and 40th home runs a day earlier, went 0-for-3 with three walks for host St. Louis. He popped out to end the ninth with runners on first and second, and was intentionally walked with one out and none on in the 12th.

Dodgers 7, Giants 5 Eric Karros and Raul Mondesi homered during a four-



The Yankees' Orlando Hernandez getting set to deliver against Indians.

run first inning, sending Los Angeles over San Francisco at Dodger Stadium. Gary Sheffield had three hits as the Dodgers banded the Giants their fourth straight loss.

Royals 5, Padres 5 Vinny Castilla, Larry Walker, Ellis Burks and Todd Helton hit solo home runs at Coors Field, and Colorado won its season-best fourth straight game. Tony Gwynn, stuck in the longest slump of his career, did not start for San Diego. The eight-time NL batting champion flied out as a pinch-hitter, leaving him in an 0-for-18 rut.

Brewers 4, Phillies 2 Marc Newfield took advantage of a rare start, hitting a home run and double as host Milwaukee stopped Philadelphia's six-game winning streak. Newfield has struggled at the plate since undergoing shoulder surgery last Aug. 1. The Phillies lost in their first visit to County Stadium since 1965.

Pirates 6, Cubs 2 Pittsburgh held a

players-only meeting before the game, then went out and beat Chicago to stop its losing streak at six. Tony Womack hit an inside-the-park homer and drove in two runs for the Pirates, who had won only two of their previous 12 home games.

Martins 8, Expos 7 Edgar Renteria, who earned a reputation for game-ending hits last season, woo this one against Montreal with his legs at Miami. Florida won its season-high fourth in a row when Renteria scored on first baseman Brad Fullmer's throwing error with one out in the ninth inning.

Diamondbacks 5, Astros 3 Danny Klassen made up for a key error with a home run, helping Arizona defeat visiting Houston. The Diamondbacks stopped a four-game losing streak and sent the Astros to their fourth straight loss. Klassen's error in the fifth inning set up three runs that tied it at 3. But he homered to start the bottom half.

It's Close but No Baguette

For Cyclist on Bastille Day

By Samuel Abt
International Herald Tribune

LORIENT, France — Every French bicycle racer dreams of winning the big one — a stage of the Tour de France on July 14, the national holiday — and Xavier Jan came about as close as he could Tuesday. Close was half the length of a bicycle, and it was good for just second place.

"I didn't have much luck," said the 28-year-old Frenchman, who rides for La Française des Jeux. "Yes," he agreed, "it would have wonderful on the Quatorze Juillet," July 14.

But this is the New Europe, the one with no national boundaries and a forthcoming universal currency. So the huge

seconds ahead of the main pack as Heppner, who moved to fourth place overall, was timed in 3 hours 33 minutes 36 seconds in the southward run through Brittany from the port of Roscoff.

The Tour put the "de France" back in its name at Roscoff on Tuesday, ending the second Year of the French in Ireland much as the first one did exactly two centuries ago: The visitors sailed off in the night. This time, though, they left behind happy memories.

In 1798, a small Napoleonic force was sent to aid an Irish uprising against the British and, when it began to fail, the French hoisted anchor and left the rebellion's leaders, notably Wolfe Tone, to face the consequences.

The visit went much better this time.

All along the routes of the prologue and the first two stages in Ireland, the French flag was flown with the Irish, and bilingual signs proclaimed "Bienvenue à Tipperary, Welcome to Tipperary." Crowds of spectators were immense and the race's staging areas were awash in folk dancers, long ranks of friendly people with pikes to denote their Viking past and plentiful food and drink.

After the second stage into Cork on Monday, the 186 remaining riders and their team officials were flown to Britanny. The 2,000 other members of the entourage and their many cars and trucks were put aboard three ferries to cross the Channel overnight.

Just before sailing, an Irish bagpipe band on shore began serenading the visitors. Many Bretons are Celts, too, and a French bagpipe band aboard one ferry took up the lament.

As the last strains of "The Minstrel Boy to the War Has Gone" was just dying, the ship pulled away from the slip. Ashore, the organizing committee for the Tour's visit released hundreds of balloons, some blue, some white and some red — the French colors.

The balloons were still rising as the ferry began a slow turn starboard, away from Ireland and toward France.

■ Girl, 11, in Critical Condition.

An 11-year-old girl was in critical condition Tuesday after being struck by a bicycle while watching the Irish stage of the Tour de France. The Associated Press reported from Cork, Ireland. The girl, Laura Seward, was among a group of spectators hit by one of the cyclists as he sped through Youghal. She suffered serious head injuries.

At British Open, the Answer Is Blowing in the Wind

By Clifton Brown
New York Times Service

SOUTHPORT, England — The wind was howling at Royal Birkdale Golf Club, with players wearing ski caps and layered clothing to try to stay warm.

The opening practice round was a cold, fitting reminder that the British Open has a different feel from the other major championships. The year's third major, which begins on Thursday, is synonymous with unpredictable weather, and it is played on golf courses that require creativity and resiliency.

In mid-July, many of the world's greatest players were shivering on Monday, dealing with temperatures in the 50s and wind gusts of around 35 miles per hour. That is part of what

makes the British Open special. And if the weather stays chilly and windy, it will help those who cope successfully with the elements stay in contention.

"I think the best players will come to the top," said Tom Lehman, the 1996 British Open champion. "If you're not hitting the ball solid, you have no chance whatsoever. I don't care how you putt. How do you practice for stuff like this?"

Royal Birkdale, a par-70, 7,018-yard course on England's northwest coast, last held a British Open in 1991, when Ian Baker-Finch defeated Mike Harwood by two strokes. But many great players have won here, including Arnold Palmer (1961), Lee Trevino (1971), Johnny Miller (1976) and Tom Watson (1983).

As usual, a long list of coterminers

will tee off on Thursday with a legitimate chance to win. Lee Westwood of England has surpassed Colin Montgomerie as Europe's best player at the moment, winning seven tournaments in the last nine months. Justin Leonard, the defending champion, cannot be overlooked. Jesper Parnevik has finished second or tied for second in two of the last four British Opens. And David Duval and Fred Couples are having outstanding years.

The British Open has been a difficult tournament for Tiger Woods, who has not finished higher than 22d in three attempts. Perhaps the biggest challenge for Woods, along with everyone else in the field, will be to keep tee shots in Birkdale's narrow fairways, avoiding the double-bogey and triple-bogey holes that can ruin a round.

Nick Faldo, a three-time winner of the British Open, will be putting a different kind of pressure on himself this week. Forced to withdraw from the Loch Lomond tournament last week because of sharp pain in his right elbow, Faldo still hopes to tee off on Thursday.

■ Nicklaus Serves Notice

Nicklaus has given his fans two years' notice, saying he's leaving the PGA Tour in 2000 after playing all four major tournaments. The Associated Press reported from Chester, England.

"Theo that will be the end of my playing golf, period," Nicklaus, 58, said. "We've all got to stop some time, and I don't think it's any big deal."

Nicklaus said he plans to play in "Open championships to come," but probably not next year at Carnoustie.

DENNIS THE MENACE



PEANUTS



GARFIELD



BEETLE BAILEY



BLONDIE



CALVIN AND HOBBES



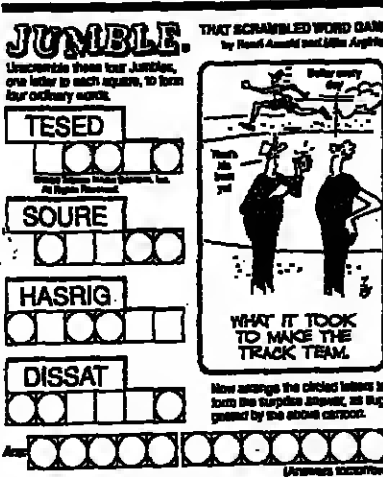
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OBSERVER

13, a Very Good Year

By Russell Baker

NEW YORK — Six weeks we spent in a house containing a 13-year-old girl. It was exhilarating.

The telephone rang every five minutes. It was almost always another 13-year-old girl trying to reach our 13-year-old girl. Ours had her own private telephone in her room, but it was always busy, so her friends had to phone us so we could tell her to interrupt her other conversation and come talk to them.

Our 13-year-old's private line was justified as a tool to let her use her computer's Internet hookup without shutting down the house phone.

What she did on the Internet was a mystery. If we entered the room in which she was toiling over it, she would, at the sound of our footsteps, throw her body around the screen to block our view.

She was probably talking to astronauts aboard some space station, or breaking into the Pentagon's master computer system. Maybe she was studying the offerings from the thousands of pornographers said to infest the Internet. We would not have been surprised. We were once 13 ourselves, and have been embarrassed about it ever since.

Sometimes five or six other 13-year-old girls came to the house. After ravaging pantry and refrigerator, they conferred with alarming silence behind closed door in the room containing the Internet.

Afterward we would find spoons under the carpet, ice-cream-stained bowls in the fireplace, watermelon seeds under the sofa cushions.

The oaths with which we complained were always mild and seemingly, never roaring and unseemly, for the six of them — "the gang of six," we called them — reminded us of Proust. Those lovely summer girls of his at the seaside in Balbec.

Ah, well, that's another tale, for those lovely Proustian girls did not have three cats, as our 13-year-old had. One of them slept under her bed and went outside only when swept along vigorously with a broom. The other two roamed the premises with proprietary arrogance, licking the butter dish when they thought they were unobserved and committing misdeeds of a vengeful feline nature against the two of us.

And what about the chinchilla?

Yes, she had a chinchilla caged in her room. It was a large chinchilla and lived in a cage big enough to rent for \$8,000 a month in Manhattan. Periodically, if uncaged for a romp, the chinchilla would chew on some electrical wires and blow a fuse.

On soft early summer evenings, school over at last, a 13-year-old girl's mind must turn to memories of Leonardo DiCaprio. He had long since left town with his doomed steamship, but his ghost, still lingering in the movie house, lured the gang again and again to sit through some terrible turkeys.

As the sun sank slowly in the west, we said sad farewells to cats, chinchillas, telephones, Internet, spoons under the carpet and the pain and the beauty of being 13. We'll go back again, but a little of youth's beauty will be gone.

New York Times Service

Japan's Pop Music Scene: Tomorrow, the World?

By Neil Strauss
New York Times Service

TOKYO — It is a decrepit and smoky basement club, but the place is jammed with girls screaming for the Outsiders, a band led by a charismatic long-haired guitarist who shakes his mane as he puts one foot on a stage monitor and lets rip a thunderous solo that shakes the room.

Terri MacMillan, a music manager, watches with a banana grin, convinced that she has found a future superstar. She can picture him headlining arenas to mobs of guys playing air guitar and teenage girls screaming his name. She is literally jumping up and down in rapture. Only we are not in New York, Seattle or Omaha, Nebraska. We are in Tokyo. And MacMillan is the only other American in the club.

"I'm convinced that this is happening," she said excitedly, "but the problem is convincing everybody else. It's just like Britain all over again, only everyone is afraid."

MacMillan was referring to the explosion of Japanese pop and rock music. For the past two decades, Japan has been home to the world's second largest music industry, behind the United States, but only recently, in the face of economic crisis and sweeping social change, has it reached the diversity and originality necessary to find an audience in the West.

"We've been trying to break Japanese bands overseas for 10 years — 10 long years," said Tom Toeda, MacMillan's partner in a music management company here, Chibiya. "Now, finally, we feel we're in the right time and at the right place."

Japan today is in some ways like England circa 1960, when Americans thought of British music as just a substandard imitation of American pop. But then came the Beatles, proving that the British weren't just copying American rock and rhythm-and-blues but coming up with their own interpretations, starting a British invasion that has continued to this day. The situation is similar in Japan: Pieces of American, British and even French, German and Swedish popular music are being fused into something Japanese.

"With cars and stereos, those things are invented somewhere else," Toeda said. "Then they come to Japan, we redo it our own way and make it a little better and then put it out. So maybe that's what's happening in the music scene."

Though the Western music audience is



Ken Ishii, a Japanese techno musician, already has an American record deal.

too fragmented for another pop juggernaut on the order of the Beatles to emerge, in nearly each splinter of rock and pop there are Japanese bands good enough to rank among the upper echelons.

MacMillan and Toeda, who have already taken two Japanese bands, Pizzicato Five and Buffalo Daughter, from obscurity to college-rock favorites in America, believe that all it would take is for Japan to export a handful of slightly more successful bands to bring the country closer to ranking alongside America and England as a pop and rock capital — especially in this time of creative stagnation in popular music in America and increasing openness to Asian pop culture.

Their business plan is to find unknown bands in Japan and make them stars in America before anybody has heard of them at home, and then bring them back to Japan

as conquering heroes. This scenario may be possible within 5 to 10 years. But is the American pop public ready?

Many American music executives are doubtful. "It will never happen," said one label president, speaking on the condition of anonymity. "They look different than we do. They speak different than we do."

Others, however, have no doubt. Besides MacMillan, there are people like Steve Pross, the excitable 42-year-old head of Emperor Norton Records, an independent label based in Los Angeles that is owned by Peter Getty, the grandson of J. Paul Getty. "I think the next Beck or the next Paul McCartney is going to come from Japan," Pross said. "And I want to be the one to find him."

Pross is in Tokyo preparing to release three albums by Japanese bands — the Zoobombs, Takako Minekawa and Fant-

astic Plastic Machine — in America as well as to find more Japanese bands to license. For Pross, one of the few American music executives actively looking for Japanese bands, running around to record stores and labels in Tokyo feels like striking oil.

So what does Japanese pop music sound like?

First of all, there isn't a music scene in Japan; there are hundreds of scenes. For those who like the testosterone-happy American rock bands Rage Against the Machine, 311 and Everclear, there are the Japanese counterparts Mad Capsule Markets, Backdrop Bomb and Thee Michelle Gun Elephant. If your tastes run to Alanis Morissette, Tori Amos and Tracy Chapman, there are Cocco, Boazie Pink and Ua. And most of them aren't mere knockoffs.

Singing in Japanese, English and "Japanese," these acts have come up with a fusion of their own, albeit one influenced by American and European bands. Many Japanese musicians say the staleness of new imported rock has given them confidence in their own music. In fact, Western music has slipped from a majority market share in Japan to less than 25 percent as Japanese bands have matured.

There are three types of Japanese musicians attracting small audiences in America. One is made up of obscure, uncompromising, avant-garde bands — psychedelic rockers like Ghost, improvisational guitarists like Keiji Haino and noise bands like Merzbow — who have been heroes in the American underground for years.

The second consists of bands that fit into niche genres — punk, ska and electronic dance music — in which fans feel part of an international community. Some of the top acts in these genres, like the punk band Hi-Standard and the techno musician Ken Ishii, already have American record deals and have sold tens of thousands of albums overseas.

The third type of Japanese band emerging in the United States is the most interesting because it doesn't fit into an existing style. These bands are evidence of an emerging Japanese sound and aesthetic. Sometimes referred to as Shibuya kei, after Tokyo's busy youth shopping district and home to foreign record chains, the Japanese style is a pop tsunami swamping everything in its path and washing it ashore in a jumble. Its cultural appropriations bend logic, break rules and inadvertently come up with new and likable turns of phrase.



Ralph Fiennes is preparing for the lead role in Istvan Szabo's new film.

A CHARGE that Quentin Tarantino slugged a woman in a restaurant is "pulp fiction," his lawyer said in court. The director pleaded not guilty to misdemeanor assault, punishable by up to a year in jail. The fashion stylist Leila Mwangi said Tarantino tried to punch her boyfriend on May 1 at a restaurant and hit her instead, cutting her forehead. The trouble started when Tarantino and Mwangi's boyfriend, a photographer, got into a heated discussion about the way Hollywood portrays black Americans. In May, Mwangi filed a \$15 million lawsuit against Tarantino that is at the root of the criminal case.

Crown Princess Victoria of Sweden turned 21 on Tuesday after a tough 18 months battling the eating disorder anorexia. The future queen of Sweden has become the royal family's most popular member in a country where about 93 percent of citizens think the monarchy does a good job, according to a survey. "I feel very well, but I'm sure everyone goes through a difficult period," she said

in a rare interview. She added: "I'm very grateful how the media has accepted my situation. I really appreciate that I was respected and left alone." Victoria is the eldest of King Carl XVI Gustaf and Queen Silvia's three children.

Ralph Fiennes is eating goose liver and listening to Hungarian love songs to get himself in the mood for "The Taste of Sunshine." The actor will play all three leads in the movie about a Jewish family's struggle to maintain its identity over three generations. He will play a pragmatic lawyer, his Olympic-athlete son and his political grandson. "It was one of the best scripts I have ever read in my life," Fiennes said. It was written by the Hungarian filmmaker Istvan Szabo, who is directing the movie.

The fashion designer Ralph Lauren has pledged \$13 million to save the flag that inspired the American national anthem. "The star-spangled banner was an inspiration to Francis Scott Key,"

Lauren said. "It's been an inspiration for me, and I want it to be an inspiration for future generations." The flag, hand-sewn in 1813 and bearing 15 stars and 15 stripes, hangs at the Smithsonian National Museum of American History in Washington. Lauren's donation, the

single largest corporate gift to the Smithsonian, will go toward restoring the tattered banner. Key penned his patriotic poem after watching the flag still flying through the smoke of battle when the British attacked Fort Mifflin, near Baltimore, from the sea in 1814.

PEOPLE

Sweden Celebrates Bergman's 80th Birthday

Compiled by Our Staff From Dispatches

STOCKHOLM — The Swedish director Ingmar Bergman, the grand old man of modern film who turned 80 on Tuesday, continues to document life and love on film.

In a television interview, Bergman said he still had the jitters before rehearsals despite decades of experience. His worst fear was having days when he failed to breathe life into his work.

"With the fear that I feel, it doesn't help if I say I have done that or that and it's been successful ... or that I'm world famous," Bergman said in the 90-minute interview. "On Life and Work." "I go to those rehearsals and think about one thing: I hope this rehearsal goes well and that it's meaningful, full of life. The one thing I'm really afraid of ... is that suddenly the gift of making something meaningful should leave me."

The Swedish Film Institute announced that it would spend \$37,000 to make new copies of several of his films, including "The Seventh Seal" and "Scenes from a Marriage." (Reuters, AP)

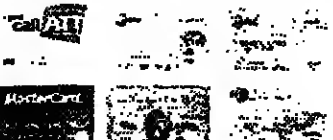


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